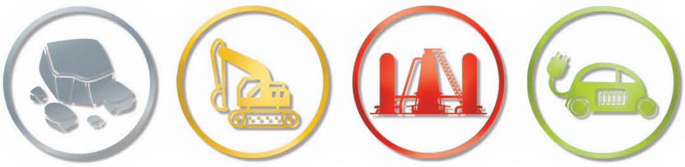
SILKROADNICKEL

SHAPING THE FUTURE

Annual Report 2020



28 Ni Nickel 58.6934

27 Co Cobalt 58.933195

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building Singapore 048544, telephone (65) 6636 4201.

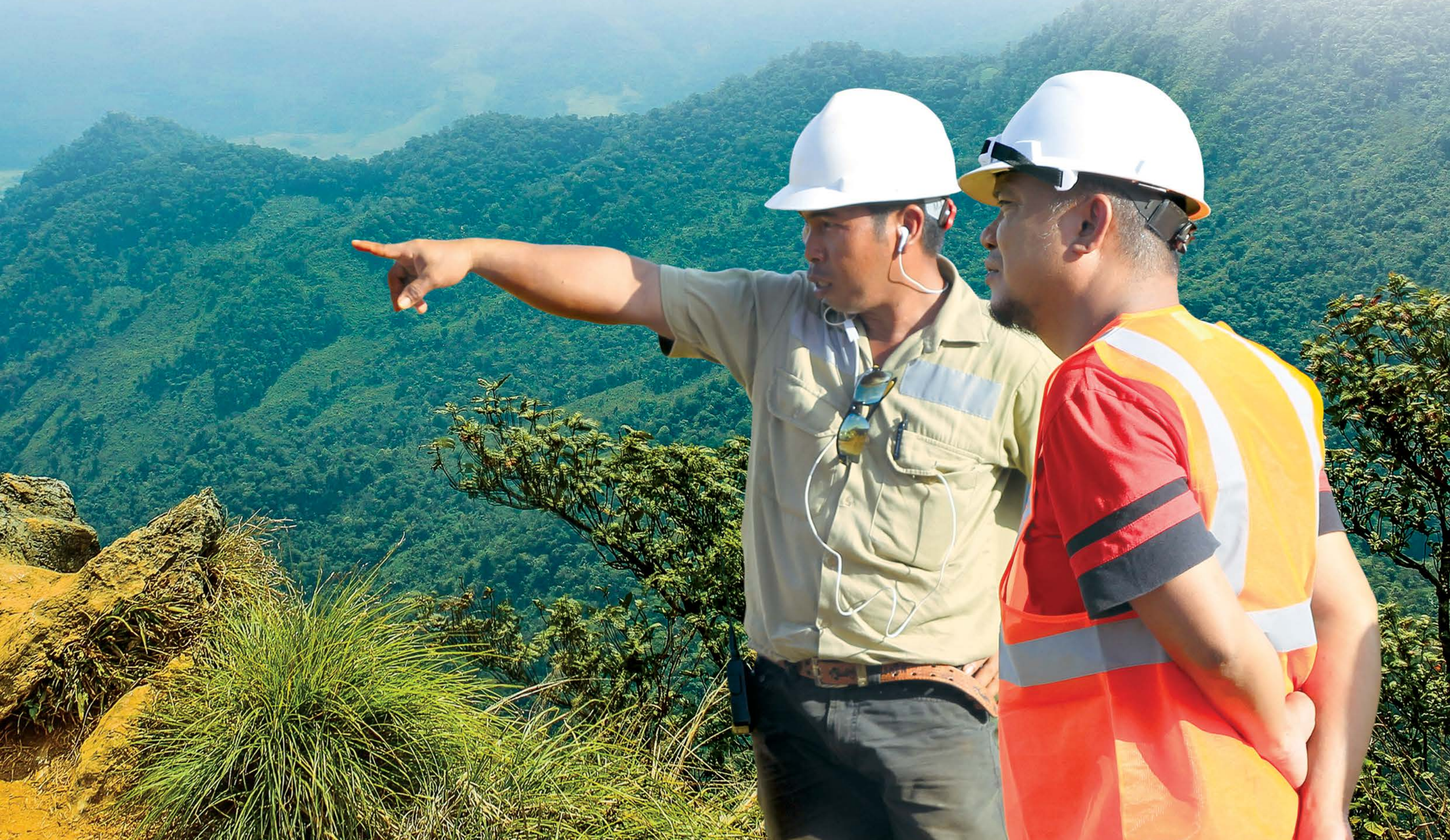
CORPORATE **PROFILE**

Silkroad Nickel Ltd. ("**Silkroad**" or the "**Company**", and together with its subsidiaries, the "**Group**") is the first and only pure nickel company listed on the Singapore Exchange ("**SGX**"). The Company made its trading debut on the Catalist board of the SGX on 30 July 2018, under the stock code - STP. Since inception, the Company's vision is to expand downstream and transform itself into a vertically integrated producer of Nickel products such as Nickel Pig Iron/ Ferronickel ("**NPI/FeNi**") for the Stainless Steel industry and to produce various nickel-related products utilised in Electric Vehicle ("**EV**") battery cathode components.

Through its wholly-owned subsidiary, PT Teknik Alum Services ("**PT TAS**"), the Company owns and carries out its nickel ore mining operations at an approximately 1,301 hectares mining concession area in the Morowali Regency, Central Sulawesi, Indonesia. The Group currently conducts its mining activities using an open pit mining method, which includes the exploration, planning, transportation and stockpiling, delivery and barging, as well as reclamation and rehabilitation works throughout the mine's lifetime. The Group engages third party mining contractors such as Jo Sinohydro-Sepco II Indo (a subsidiary of PowerChina) to undertake the necessary mining and production activities aforementioned.

The Company has also begun to originate and develop several downstream initiatives by entering into definitive agreements to build and operate a blast furnace plant and a Rotary-Kiln Electric Furnace ("**RKEF**") for the production of NPI, which is vital for manufacturing stainless steel. In addition, the mine's laterite ore comprising nickel and cobalt are key components used in lithium-ion batteries. The Company is engaged in discussions to develop partnerships and initiatives in the EV industry.

These plans to develop and grow the Group's downstream NPI and EV initiatives will transition Silkroad from its primary nickel mining operations to a fully-integrated nickel producer. This will allow Silkroad to change its current business model from operating as a relatively small-scale mining operator in an environment of high capital expenditure and relatively low operational efficiency, to being a low-cost nickel producer with high-quality nickel mining assets.



CHAIRMAN'S MESSAGE

The Group continues to be far-sighted, and remains resolute and committed to its long-term goals of transitioning into a vertically integrated nickel producer.

DEAR VALUED SHAREHOLDERS,

On behalf of the board of directors ("**Board**") of Silkroad Nickel Ltd. ("**Silkroad**" or the "**Company**", and together with its subsidiaries, the "**Group**"), it is my pleasure to present to you the annual report for the financial year ended 31 December 2020 ("**FY2020**").

THE YEAR IN REVIEW

FY2020 will always be one of the most challenging years that we have faced, forever etched in our memory due to the ongoing Novel Coronavirus ("**COVID-19**") pandemic. The pandemic has led to a significant slowdown in global economic activities, and has severely impacted many countries due to restricted travel, closed borders, and a standstill in commerce around the globe. Indonesia was not spared and remains severely affected, with the Indonesian government trying their best to contain the spread of COVID-19.

At the beginning of 2020, as more countries started to report an increasing number of COVID-19 cases and the global economic outlook started to turn cloudy, nickel prices declined by approximately 20% in the first quarter of 2020. Furthermore, the Indonesian Government's ban on the export of nickel ore which came into effect on 1 January 2020, has also had a dampening effect on the Group's upstream mining business. However, thereafter, prices rallied steadily over the rest of the year, from its lowest point of US$10,800 per tonne at the end of March 2020 to US$16,500 at the end of 2020.

Nonetheless, the Group continues to be far-sighted, and remains resolute and committed to its long-term goals of transitioning into a vertically integrated nickel producer.

MOVING FORWARD

With regards to the planned downstream operations in the production of NPI, the Group is looking to complete its fundraising efforts for its blast furnace plant and RKEF in the current financial year ending 31 December 2021 ("**FY2021**").

The Group is also working to finalise its potential strategic partnership in the EV battery industry. The Company will provide updates to shareholders as and when there are material developments.

The Group is continually heartened by the support from its partners that understand the Group's business and see the opportunities for growth. While the Group remains committed to its long-term goals of expanding its downstream operations, it continues to be mindful of enhancing the operational efficiency and productivity of its upstream mining operations.

OUTLOOK AND PROSPECTS

FY2021 is expected to be less challenging as the ongoing global vaccination efforts are anticipated to contain the COVID-19 pandemic and put the global economy back on the path of growth. As a result, the demand for metals, including nickel, is highly likely to be poised for growth. According to DBS Group's 2021 *Steel* report, the demand for stainless steel is projected to rise in 2021 as more manufacturing businesses are expected to recover, and as fiscal support for infrastructure projects increases. The Group is well-positioned to take advantage of this rebound through its planned operations in the downstream production of NPI/FeNi, which is used in the production of stainless steel.

Another macro trend that the Group is ready to take advantage of is the steadily growing EV industry, which is forecasted to experience enormous growth opportunities in the near future. Based on IHS Markit's forecasts[1], global sales of EVs are expected to rise by approximately 70% in 2021 alone. As lithium-ion batteries are a critical component of an EV, the Group is actively looking at suitable initiatives through various partnerships. This was a strategic decision by the Group, as the laterite ore available in the Group's mine consists of nickel and cobalt, which are key metal components used in the production of lithium-ion batteries.

We remain optimistic about our long-term prospects and will continue to explore and identify new opportunities to further develop the Group's downstream operations, in order to successfully transform into a fully-integrated nickel producer.

ACKNOWLEDGEMENTS & APPRECIATION

On behalf of the Board, I would like to extend our deepest appreciation to our staff, business partners and loyal shareholders for their faith in us and their continuous support. In addition, I would like to sincerely thank our management and staff for their commitment and contribution. Let us all scale to greater heights in 2021 and continue to strive for success and growth in the coming years.

MR. EDDY PRATOMO
Independent Chairman

[1] https://ihsmarkit.com/research-anaylsis/ihs-markit-forecasts-global-ev-sales-to-rise-by-70-percent.html

FINANCIAL & OPERATIONS REVIEW

OVERVIEW

FY2020 has been a challenging year for Silkroad due to challenges such as the global COVID-19 pandemic, which created economic uncertainties and dampened business activities. Closer to home, the Indonesian government's ban on nickel ore exports also took effect on 1 January 2020 which impacted the Group's upstream mining business. Due to these unfavourable market conditions, the Group recorded weaker financial results and had an unprofitable year.

FINANCIAL REVIEW

Statement of Comprehensive Income

Revenue for FY2020 decreased by US$15.0 million or 96.9% to US$0.5 million in FY2020 from US$15.5 million in the financial year ended 31 December 2019 ("**FY2019**"). The decrease was mainly due to a reduction in the quantity of nickel ore sold. This was a result of lower production levels, as Indonesia's travel ban that was declared in February 2020 as a result of the COVID-19 pandemic, prevented the Chinese workers of the Group's mining contractor from entering Indonesia. Thus, the Group's production activities had to be temporarily suspended in the first quarter of FY2020. Although production activities resumed in April 2020, with the deployment of the Group's Indonesian employees, production was at lower levels as compared to FY2019, due to safety considerations arising from COVID-19.

The cost of goods sold also decreased from US$9.5 million in FY2019 to US$0.6 million in FY2020. However, the decrease of US$8.9 million or 93.7%, was a slightly lower rate than the decrease in revenue of 96.9%. This was because of the continuing fixed operating costs being incurred, such as direct labour costs and the depreciation of mining equipment.

A gross loss of US$0.1 million was recorded by the Group in FY2020, which amounted to a negative gross profit margin of 26.1%. This was due to the higher cost of goods sold as compared to revenue.

Administrative expenses decreased by US$1.7 million, from US$5.0 million in FY2019, to US$3.3 million in FY2020. This was mainly due to various cost management efforts such as lower overseas travelling expenses, agency fees, staff costs and employee benefits, professional fees, lower value-added tax expenses, and depreciation of right-of-use assets. However, these were partly offset by increases in net foreign exchange loss and loss on disposal of equipment.

Finance expenses increased by 10.2% from US$0.36 million in FY2019, to US$0.40 million in FY2020, mainly due to the interest incurred on the new borrowings obtained after FY2019.

Due to the aforementioned contributing factors, the Group recorded an after tax loss of US$3.6 million for FY2020, as compared to an after tax profit of US$0.1 million for FY2019.

Statement of Financial Position & Cashflow Highlights

The Group's property, plant and equipment ("**PPE**") decreased by nearly 8.8%, from US$12.3 million on 31 December 2019 to US$11.2 million as of 31 December 2020. This was due to depreciation charges of PPE, amortisation of mining property and disposal of heavy equipment in FY2020, which were partly offset by additions of new PPE.

As of 31 December 2020, inventories increased nearly four-fold due to the purchase of nickel pig iron ("**NPI**") to fulfil sales orders in first quarter of FY2021. Receivables and prepayments decreased as adjustments were made for trade payables to the same customers in FY2020. As a result, total assets decreased by US$0.6 million to US$24.9 million as of 31 December 2020.

Meanwhile, total liabilities increased to US$16.1 million as of 31 December 2020, from US$13.1 million on 31 December 2019, primarily due to higher long-term borrowings, payables, and accruals. This was partly offset by a reduction in lease liabilities and short-term borrowings.

As a result of the above, total equity fell by 29.4%, from US$12.4 million as of 31 December 2019 to US$8.8 million as of 31 December 2020. As of 31 December 2020, net asset value per share stood at US$3.4 cents.

The Group recorded a positive working capital position of US$1.1 million as of 31 December 2020, as compared to US$1.6 million on 31 December 2019. For FY2020, the Group's cash and cash equivalents (after netting the effects of exchange rate changes) decreased by approximately half, from US$64,000 as of 31 December 2019 to US$33,000 as of 31 December 2020.

OPERATIONAL REVIEW

Incorporation of A New Subsidiary

In FY2020, the Company incorporated a wholly-owned subsidiary, Silkroad Metal Industries Pte. Ltd. ("**SMI**") in Singapore. The principal activities of SMI are to carry out businesses in manufacturing, trading and distribution of NPI. This is in line with the Group's strategy to invest and expand its NPI smelter operations.

Offtake Agreement with Tsingshan Group

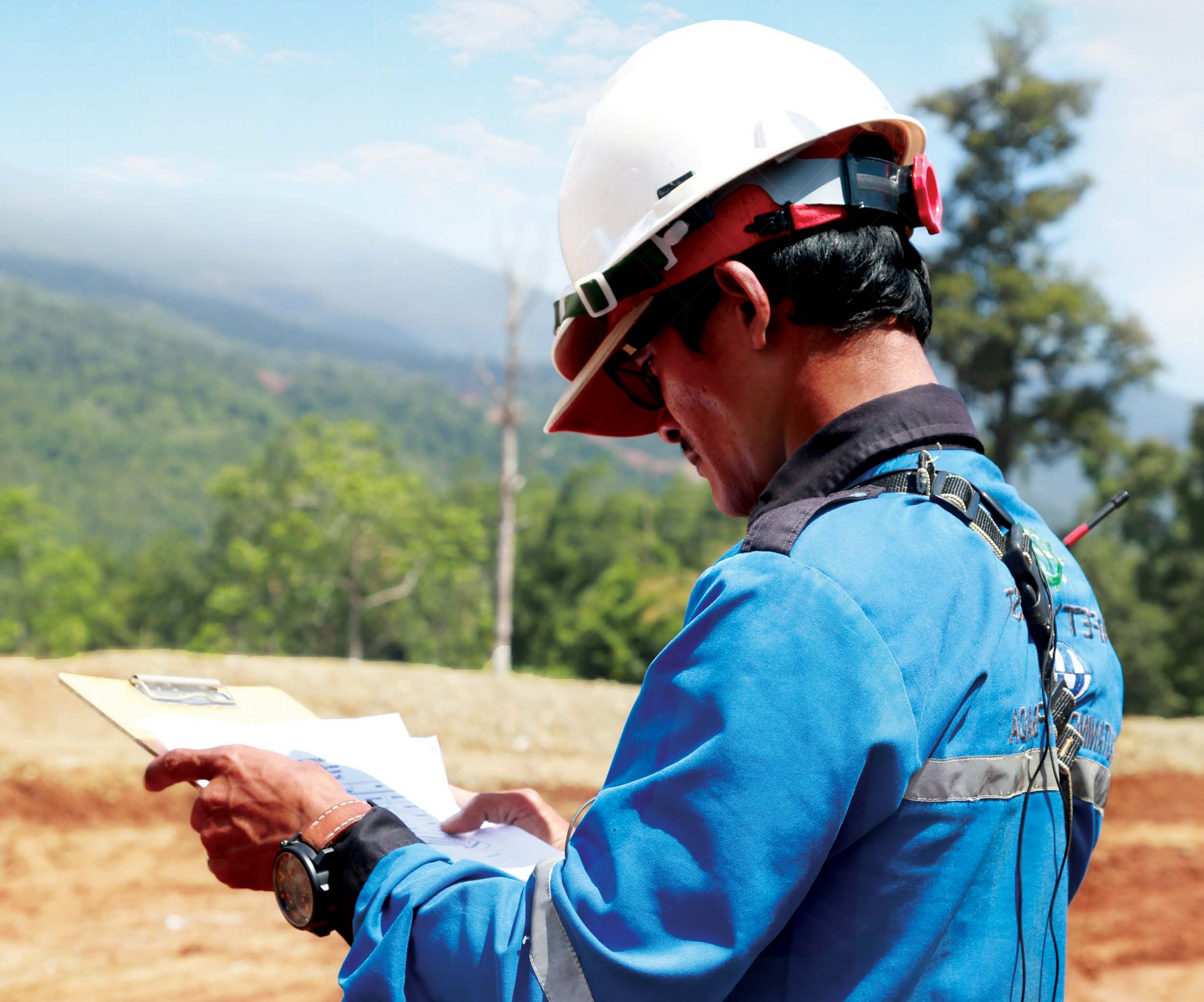
In March 2021, the Group entered into a new offtake agreement with PT Ekasa Yad Resources, a Tsingshan Group company. The Group will supply an aggregate of 2.7 million metric tonnes of high-grade nickel ore starting from March 2021 to December 2022. The estimated contract value is over US$90 million based on the benchmark price for nickel ore set by the Indonesian Government.

Potential Strategic Partnerships with Electric Vehicle Battery Manufacturers

The Group has been in active discussions with manufacturers of EV batteries, including Ganfeng Lithium Co. Ltd., to supply nickel and cobalt rich ore on long term offtake contracts, and for partnerships for EV-related initiatives in Indonesia and Singapore.

SEIZING
OPPORTUNITIES

Silkroad continues to explore various opportunities to deliver value and stay relevant in the nickel industry. Through our optimistic outlook, we are able to recognise great potentials ahead of us including the growing demand for base metals in the Stainless Steel and Electric Vehicles industries. We will remain agile and capitalise on such opportunities to become a fully-integrated nickel company.



BOARD OF DIRECTORS

MR. EDDY PRATOMO

(Independent Chairman)

Mr. Eddy Pratomo, an Indonesian citizen, is the Independent Chairman of the Company. He is also the Chairman of the Nominating Committee as well as a member of the Audit and Risk Committee and the Remuneration Committee of the Company. Mr. Pratomo started his career in the Directorate of International Organisations, Directorate General of Politics, as Section Head of Humanitarian Affairs in 1982 at the Indonesian Foreign Ministry. In 1986, he was appointed as the Young Diplomat dealing with the economic affairs of the Permanent Mission of Indonesia to the United Nations, New York. He has more than 30 years of experience in domestic and foreign international affairs, economics, and public policies. Most notably, Mr. Pratomo was posted to the Embassy of the Republic of Indonesia in London, where he was appointed as the Deputy Head of Indonesian Representatives and subsequently the Acting Ambassador from 2004 to 2006. Furthermore, from 2006 to 2009, Mr. Pratomo was the Director General of Law and International Treaties Affairs and subsequently the Ambassador of the Republic of Indonesia to the Federal Republic of Germany until 2013. Mr. Pratomo had also acted as the legal advisor to the Senior Minister of Foreign Affairs of the Democratic Republic of Timor-Leste, and was appointed as the Senior Advisor/Special Staff of the Speaker of the House of Representatives in Foreign Relations. From October 2015 to December 2018, Mr. Pratomo holds the position as Special Envoy to the President of the Republic of Indonesia, Maritime Delimitations between Indonesia and Malaysia. Starting from the month of May 2020, Mr. Pratomo will be holding the position as the Dean of Faculty of Law, University of Pancasila in Jakarta, Indonesia. Currently he is also a Visiting Professor in the University of Diponegoro in Semarang, Indonesia. Mr. Pratomo obtained a Doctorate in International Law from Universitas Padjadjaran, Bandung, Indonesia in 2011. Mr. Pratomo obtained his professorship in international law at the University of Diponegoro in Semarang, Indonesia in 2019.

MR. HONG KAH ING

(Executive Director and CEO)

Mr. Hong Kah Ing, an Indonesian citizen, is an Executive Director and the Chief Executive Officer of the Company. Mr. Hong has more than 10 years of experience in the natural resources industry. Mr. Hong started his career in MBf Leasing Sdn Bhd, a finance company based in Malaysia and Indonesia, as a credit marketing executive in 1993. He was eventually promoted to Director of Multi-Finance and Card Services at PT MBf Multi-Finance in Indonesia in 1996. In 1999, Mr. Hong founded PT Bina Mitra Serasi ("PT BMS"), which provided integrated IT solutions services. In 2003, PT BMS entered into a joint venture with DRB-Hicom to form PT Hicom BMS to provide integrated airport security systems to several airports in Indonesia where Mr. Hong was appointed as president director of PT Hicom BMS. In 2005, PT BMS acquired DRB-Hicom's interest in PT Hicom BMS. Mr. Hong is currently the director of PT BMS, the previous shareholder of PT Anugrah Tambang Sejahtera ("PT ATS"). Mr. Hong is also the director of PT Teknik Alum Service ("PT TAS") and President Commissioner of PT ATS. Mr. Hong obtained a Bachelor's degree in Business from the University of Central Queensland, Australia in 1992.

BOARD OF DIRECTORS

MR. SYED ABDEL NASSER BIN SYED HASSAN ALJUNIED

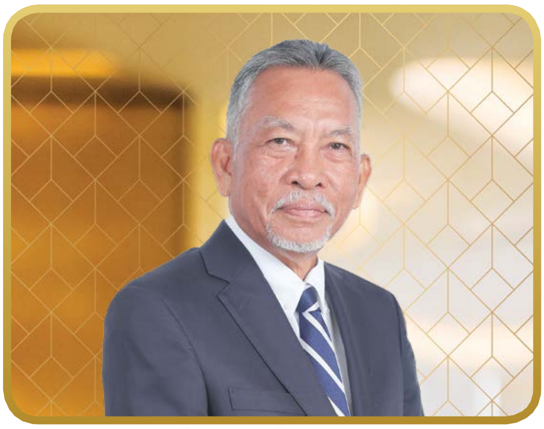
(Executive Director)

Mr. Syed Abdel Nasser Bin Syed Hassan Aljunied, a Singapore citizen, is an Executive Director of the Company. He is also a director of PT TAS. Mr. Aljunied has extensive experience in banking, M&A and finance. In the 1990s, he was assistant vice president at both Chase Private Bank and later Smith Barney Shearson Asset Management where he managed a discretionary foreign exchange and interest rates and derivatives portfolio. Between 1995 and 1996, Mr. Aljunied was director of foreign exchange and fixed income group at the Swiss Bank Corporation, overseeing the emerging market foreign exchange and the options sales team. From 1996 to 2000, Mr. Aljunied was the director at Credit Suisse First Boston where he headed the Asian foreign exchange and fixed income derivatives team in the emerging markets group in Singapore. Mr. Aljunied had also previously sat on the board of Atlantic Oilfield Services Ltd., a Dubai based subsidiary of KS Energy Limited, an integrated onshore and offshore oil & gas service provider listed on the Mainboard of the SGX-ST from 2008 to 2010. In 2008, he was also on the board of and a shareholder of CMS Trust Berhad and CMS Asset Management, an asset management company with assets of RM2 billion under management. From 2006 to 2013, he was an independent director and the chairman of the audit committee of Maveric Ltd., a Singapore company that was previously listed on SGX-ST. Mr. Aljunied graduated from the National University of Singapore with a Bachelor’s degree in Science in 1990.

MR. GIANG SOVANN

(Lead Independent Director)

Mr. Giang Sovann, a Canadian citizen and Singapore Permanent Resident, is the Lead Independent Director, Chairman of the Audit and Risk Committee, as well as a member of the Nominating Committee and the Remuneration Committee of the Company. Mr. Giang is a senior director at RSM Risk Advisory, a leading governance, risk and consulting firm in Singapore. He is also interim non-executive independent chairman and chairman of audit and risk committee of Rich Capital Holdings Limited, and independent director of Cambodia Post Bank PLC and Funan Microfinance PLC. Mr. Giang was the executive director of the Singapore Institute of Directors and had served as executive director, independent director and chief financial officer of a number of listed companies. He started his career as a public accountant with a Big-4 firm in Canada and Singapore. He also has many years of experience in business management, having served as a senior executive at a multinational company and a regional conglomerate, and has managed companies in many industries including aerospace, food and beverage, flexible packaging, mining, oil and gas, real estate, telecommunications as well as trading and distribution. Mr. Giang holds a Bachelor of Administration degree with Great Distinction from the University of Regina, Canada and is a Chartered Accountant of Singapore, a Chartered Professional Accountant of Canada, and a member of the Singapore Institute of Directors.



MR. OMRI SAMOSIR

(Independent Director)

Mr. Omri Samosir, an Indonesian citizen, is an Independent Director of the Company. He is also the Chairman of the Remuneration Committee as well as a member of the Nominating Committee and the Audit and Risk Committee of the Company. Mr. Samosir has more than 20 years of experience in the mining industry. From 2003 to 2010, Mr. Samosir acted as the president director of PT Benchaario, a mining company, as well as the director of PT Cibadak Pramata. From 2007 to 2009, he was the president commissioner of PT Renown Resources. Between 2010 and 2012, Mr. Samosir acted as executive advisor of PT Pan China International, which was principally involved in the operation of nickel ore mines in Central Sulawesi, Indonesia. In 2012, Mr. Samosir was appointed executive advisor of PT Ifishdeco, an Indonesian nickel ore mining company, until 2013. From 2013 to 2015, Mr. Samosir acted as the executive advisor of PT Bintang Smelter Indonesia, a company which develops and operates nickel smelters in Indonesia. Mr. Samosir is currently a director of PT Kopa Mitra Tijari since 2009. Mr. Samosir obtained a Bachelor of Engineering in mining engineering from the Institute Technology of Bandung in 1975.

KEY MANAGEMENT

MR. KETAN RANADIVE

(Chief Financial Officer)

Mr. Ketan Ranadive, a British citizen and Singapore Permanent Resident, is the Chief Financial Officer of the Group. Mr. Ranadive is responsible for all accounting, financial and taxation matters of the Group. He started his career as an auditor with KPMG, London and after completing his MBA, joined JP Morgan in their M&A department. Mr. Ranadive has extensive experience in accounting, corporate finance and business management and has been responsible for finance, legal and compliance matters at various financial and corporate organisations as well as family managed businesses in UK and Singapore. Mr. Ranadive graduated from the University of Bombay, India, completed his MBA from London Business School and is a Fellow Chartered Accountant (FCA) of the Institute of Chartered Accountants in England and Wales (ICAEW), UK.

MR. EDY SANTI

(Chief Operations Officer)

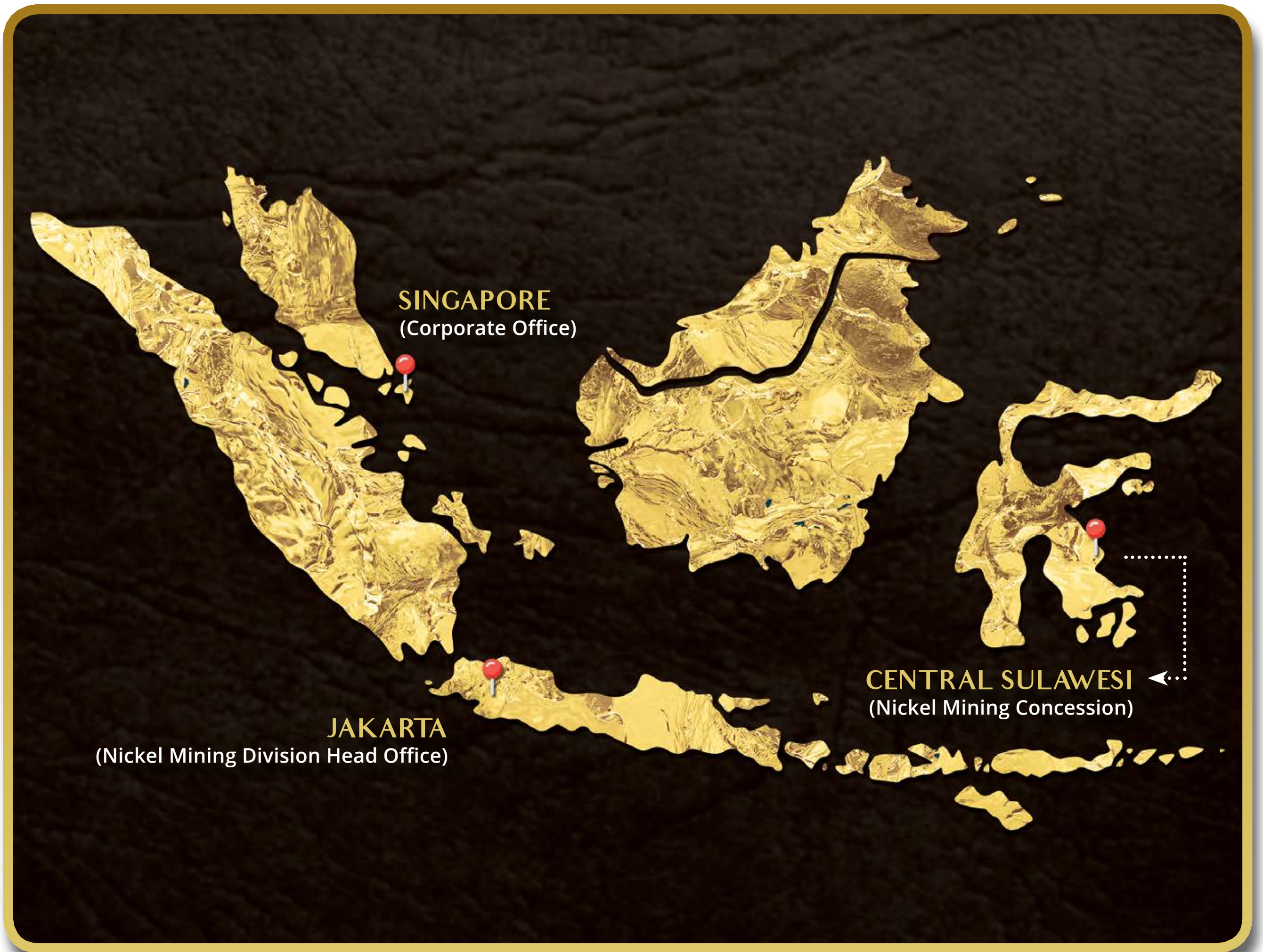
Mr. Edy Santi, an Indonesian citizen, is the Chief Operations Officer of the Group. He is responsible for assisting the CEO in the overall management and operations of the Group and ensuring that its operational activities are in accordance with the policies, goals and objectives of the Group. Prior to joining the Group, Mr. Edy Santi was the head of business development and operations of PT HICOM BMS from 2001 to 2006, overseeing all aspects of PT HICOM BMS operations, including managing and developing the various business functions of PT HICOM BMS. From 2006 to 2013, Mr. Edy Santi joined PT BMS as business manager. Mr. Edy Santi joined PT TAS (a subsidiary of the Company) as head of mining operations in 2013, where he oversees the mining planning and operations, logistics, transport, regulatory issues, permits and licences matters. Mr. Edy Santi obtained a Diploma in Informatics Management from the College of Informatics and Computer Management, Yogyakarta, Indonesia in 1996.

MR. ARIS PANDIN

(Head of Mining Operations)

Mr. Aris Pandin, an Indonesian citizen, is the Head of Mining Operations of the Group. He is responsible for the overall mining operations, including environmental, health and safety aspects of the mining operations. He also manages and controls all mine site operations in the mining concession area of the Group and ensures that production and other specific targets are met. Mr. Aris Pandin began his career as a junior geologist at Teguh Sinar Abadi Bayan Resource from February 2005 to December 2006. Since then, Mr. Aris Pandin has worked for various nickel ore mining companies such as PT International Nickel Indonesia from January 2007 to September 2010 as assistant geologist, PT TAS from October 2010 to January 2013 as mine technical chief and mine geologist, PT Tekonindo from February 2013 to December 2014 as senior geologist and, PT Tambang Bumi Sulawesi from January 2015 to August 2016 as mine technical chief and mine geologist. In 2016, Mr. Aris Pandin returned to join PT TAS (a subsidiary of the Company) as the head of mining operations. Mr. Aris Pandin obtained a Bachelor in Engineering from Hasanuddin University, Makassar, Indonesia in 2005.

OUR AREAS OF OPERATIONS



SINGAPORE

Corporate Office

- Corporate, Finance & Accounting, Legal, Human Resources
- Oversees Group's Growth Strategy, M&A, Funding and Investor Relations

JAKARTA

Nickel Mining Division Head office

- Finance, Accounting, Human Resources, Marketing & Purchasing
- Oversees the Group's Business and Operations

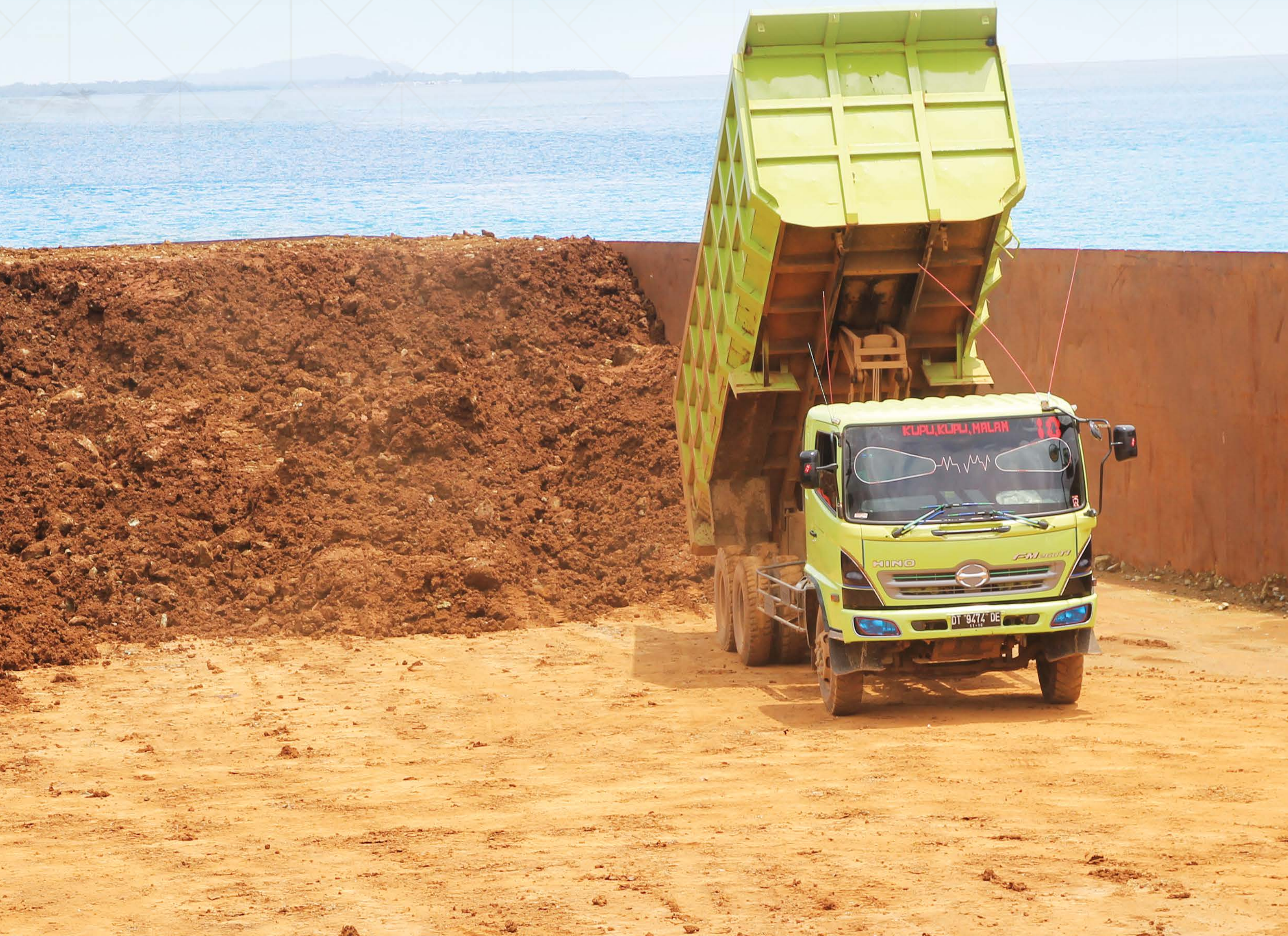
CENTRAL SULAWESI, INDONESIA

Nickel Mining Concession

- 1,301 Hectares Mining Concession
- Mineral Resources Estimates of 146.6 Million Wet Metric Tonnes of which, Probable Ore Reserves of 44.5 Million Wet Metric Tonnes

BOUNCING BACK
FROM THE PANDEMIC

The fundamentals of our business are the collaborative strengths of creating long-term strategy and our managerial expertise. In order to bounce back stronger from the pandemic to reach operational excellence, Silkroad will maximise its resources and practice cost-efficient measures to create a sustainable and profitable growth. We will also leverage our productivity and prioritise valuing business relationships with suppliers and stakeholders.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Eddy Pratomo
Independent Chairman

Mr. Hong Kah Ing
Executive Director and Chief Executive Officer

Mr. Syed Abdel Nasser Bin Syed Hassan Aljunied
Executive Director

Mr. Giang Sovann
Lead Independent Director

Mr. Omri Samosir
Independent Director

AUDIT AND RISK COMMITTEE

Mr. Giang Sovann (Chairman)
Mr. Eddy Pratomo
Mr. Omri Samosir

REMUNERATION COMMITTEE

Mr. Omri Samosir (Chairman)
Mr. Eddy Pratomo
Mr. Giang Sovann

NOMINATING COMMITTEE

Mr. Eddy Pratomo (Chairman)
Mr. Giang Sovann
Mr. Omri Samosir

COMPANY SECRETARY

Mr. Abdul Jabbar Bin Karam Din

REGISTERED OFFICE

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Wilmer Place #03-04
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Tel: (65) 63278971
Fax: (65) 63278596
Email: enquires@silkroadnickel.com
Website: www.silkroadnickel.com

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road, #02-00
Singapore 068898

SPONSOR

ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

INDEPENDENT AUDITOR

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge: Mr. Ng Wei Lun (a member of the Institute of Singapore Chartered Accountants)
(Appointed since the financial year ended 31 December 2020)

PRINCIPAL BANKER

Standard Chartered Singapore

SUMMARY OF MINERAL RESERVES AND RESOURCES

Date of Report : 31 December 2020

Date of Previous Report : 31 December 2019

Name of Asset/Country : Buleleng and Torete Nickel Project, Indonesia

CATEGORY	MINERAL TYPE	GROSS ATTRIBUTABLE TO LICENSE					NET ATTRIBUTABLE TO THE COMPANY						REMARKS
				Grade %					Grade %			Change from previous update (Wet Tonnes %)	
		Wet Tonnes (Millions)	Dry Tonnes (Millions)	Ni (%)	Co (%)	Fe (%)	Wet Tonnes (Millions)	Dry Tonnes (Millions)	Ni (%)	Co (%)	Fe (%)		
RESERVES													
Proved	–	–	–	–	–	–	–	–	–	–	–	–	
Probable	Limonite	19.3	12.6	0.83	0.07	33.38	19.3	12.6	0.83	0.07	33.38	–	
	Limonite	19.6	13.7	1.16	0.06	24.95	19.6	13.7	1.16	0.06	24.95	–	
	Saprolite	5.6	4.0	1.64	0.04	18.11	5.6	4.0	1.64	0.04	18.11	–0.47%	Note 2
Total		**44.5**	**30.3**	**1.08**	**0.06**	**27.7**	**44.5**	**30.3**	**1.08**	**0.06**	**27.7**	**–**	**Note 1**
RESOURCES*													
Measured	–	–	–	–	–	–	–	–	–	–	–	–	
Indicated	Limonite & Saprolite	56.8	38.6	0.99	0.05	24.3	56.8	38.6	0.99	0.05	24.3	–	Note 1
Inferred	Limonite & Saprolite	89.7	62.0	1.00	0.07	28.4	89.7	62.0	1.00	0.07	28.4	–	Note 1
Total		**146.6**	**100.5**	**0.99**	**0.06**	**26.8**	**146.6**	**100.5**	**0.99**	**0.06**	**26.8**	**–**	**Note 3**

- *Mineral Resources are inclusive of Ore Reserves
- All estimates are depleted using topographic survey data as at 27 May 2019
- All grades are reported on a dry basis
- Minimum cut-off criterion of 0.5% Ni was used to report Mineral Resources
- Mineral Resource and Ore Reserve estimates are not precise calculations. The totals contained in this table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies
- WMT: Wet Metric Tonne, Ni : Nickel, Co : Cobalt, Fe : Iron

Notes :

(1) Mineral Resources and Reserves classification reported as per Independent Qualified Persons Report 2 (“IQPR2”) dated 30 September 2019

(2) % Change of Probable Saprolite Reserves of 5.6M WMT (Ni ≥1.4) is calculated after adjusting for production of 26,174 WMT in FY2020

(3) The Total Mineral Resources as at 31 December 2020 is the same as at 31 December 2019 except for the adjustment in production numbers stated in Note 2

(4) Due to the COVID-19 pandemic, travel prohibitions and employee safety precautions, the Board of Directors is of opinion that the annual production of 26,174 WMT does not materially affect the quantity or quality of the mine’s Reserves and Resources and hence the summary of Mineral Resources and Reserves disclosed in this Annual Report FY2020 is as reported in the IQPR2 dated 30 September 2019

NAME OF QUALIFIED PERSONS : Wahyu Asmantowi; Widadi Akso Prabu

PROFESSIONAL SOCIETY AFFILIATION / MEMBERSHIP : Australasian Institute of Mining and Metallurgy/ MAusIMM #313740 and MAusIMM #328236 respectively

DATE : 5 April 2021

CORPORATE GOVERNANCE REPORT

Silkroad Nickel Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to ensuring and maintaining a high standard of corporate governance within the Company to ensure effective self-regulation practices are in place to enhance corporate performance and accountability, as well as to protect shareholders' interest and enhance long-term shareholders' value.

This report describes the Group's corporate governance framework and practices for the financial year ended 31 December 2020 ("**FY2020**") with specific reference made to the principles and the provisions of the Code of Corporate Governance issued on 6 August 2018 (the "**Code**") which forms part of the continuing listing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

The board of directors (the "**Board**" or "**Directors**") of the Company confirms that, for FY2020, the Company has adhered to the principles of the Code, and the provisions of the Code (except where otherwise explained). In so far as any provision has not been complied with, appropriate explanations have been provided and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

<u>Provision 1.1</u>

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Company, and directions and goals for the management of the Company (the "**Management**"), by ensuring that the necessary financial and human resources are in place for the Company to meet its objectives. The Board supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board also sets the tone for the Group in respect of ethics, values and desired organisation culture, and ensure proper accountability within the Group. The Board is responsible for the overall corporate governance of the Company.

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict, with the interest of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he will immediately declare his interest at the meeting of the Directors or send a written notice to the Chairman and/or Company Secretary, setting out the details of his interest and the conflict and recuse himself from any discussions on the matter and abstain from participating in any Board decision.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company.

Regular meetings are held to deliberate the strategic policies of the Company including the approval of significant acquisitions and disposals, review and approval of annual budgets, review of the performance of the business and approval of the release of periodic financial results and announcements on SGXNet.

<u>Provision 1.2</u>

The Board is also updated regularly, through emails, seminars and workshops or briefings at the Board meetings by the Management as well as the continuing sponsor, external auditors and legal advisers of the Company, on changes to the Catalist Rules, risk management, corporate governance and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as members of the Board or Board Committees. Directors are encouraged to constantly keep abreast of development in regulatory, legal and accounting frameworks and regulations that are of relevance to the Group through participation in seminars and workshops, which will be funded by the Company.

CORPORATE GOVERNANCE REPORT

The Company does not have a formal training program for the Directors but all newly appointed Directors are given an orientation program to familiarise with the Company's operations. The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. Upon appointment, the newly appointed Directors will be provided a formal letter setting out their duties and obligations. No new directors were appointed by the Company in FY2020.

Provision 1.3

The Company has adopted internal guidelines setting forth matters that require the Board's approval. Matters that require Board's approval include, but are not limited to, the following:

a. Acquisition or disposal of a significant asset, including property, plant and equipment.

b. Joint ventures and acquisition/merger or disposal of businesses.

c. Employment or termination of key management personnel or general manager equivalent.

d. Significant development projects.

e. Borrowing of a significant amount of funds.

f. Significant litigation.

The Management is responsible for the day-to-day operations and administration of the Company and is accountable to the Board. Clear directions have been given out to the Management that reserved matters as set out above must be approved by the Board.

Provision 1.4

To assist the Board in the execution of its responsibilities, the Board is supported by three Board Committees, namely the Audit and Risk Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). These Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company. These terms of reference, as set out in the subsequent sections of this report, are reviewed on a regular basis to ensure their continued relevance with the Code. Please refer to the respective principles in this report for further information on the composition, description and activities of each Board Committee. The Constitution of the Company provides for the Directors to convene meetings other than physical meetings, by teleconferencing.

Provision 1.5

The following table discloses the number of meetings held for the General, Board and Board Committees, and the attendance of all Directors during FY2020:

	AGM	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Number of meetings held	**1**	**4**	**4**	**1**	**1**
Mr. Eddy Pratomo	1	4	4	1	1
Mr. Hong Kah Ing	1	4	4	1	1
Mr. Nasser Aljunied	1	4	4	1	1
Mr. Giang Sovann	1	4	4	1	1
Mr. Omri Samosir	1	4	4	1	1
Datuk Lim Kean Tin(1)	0	0	N/A	N/A	N/A

Note:

(1) Datuk Lim Kean Tin has ceased to be a Director of the Company with effect from 15 March 2021. Please refer to the Company's announcement dated 16 March 2021 for more information.

CORPORATE GOVERNANCE REPORT

While the Board considers Directors' attendance at Board and Board Committee meetings to be important, it should not be the only criteria to measure their contributions to the Board. It also takes into account the other forms of contributions by Board members including periodic reviews, provision of guidance and advice on various matters relating to the Company.

The Board also considers the Directors' other board representations and principal commitments to ensure they have sufficient time to discharge their responsibilities to the Company adequately. However, the Board recognises that the individual circumstances and capacity of each Director are unique, and after consideration, the Board has not established a guideline for a maximum number of listed board representation which a director may have as it believes that putting a maximum limit on the number of listed directorships a director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

Provision 1.6

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the Management. The Board has unrestricted access to the Company's records and information.

Key management personnel are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The calendar of the meetings of the Board and the Board Committees ("**Meetings**") are planned a year in advance. Draft agendas for the Meetings are also circulated in advance to the respective Chairman for review, and if necessary, to provide additional agenda items for the respective Meetings. Periodic financial reports, budgets, forecasts and disclosure documents are provided to the Board, where appropriate, prior to the Meetings.

Provision 1.7

The Board has separate and independent access to the Company Secretary and the key management personnel of the Group at all times in carrying out their duties. The Company Secretary is legally trained, with experience in legal matters and company secretarial practices. The Company Secretary and/or his representative attend all Meetings and ensure that Board procedures are followed, and that applicable rules and regulations are complied with. The appointment and the removal of Company Secretary is a matter for the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

The criteria for independence is based on the definition given in the Code, and taking into account Rule 406(3)(d) of the Catalist Rules. The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company, and does not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules.

Provision 2.2

The Chairman of the Board is an Independent Director.

In FY2020, Independent Directors comprise half of the Board and as at the date of this report, Independent Directors comprise a majority of the Board. Accordingly, the Board is satisfied that there is a strong element of independent presence in the Board in FY2020 and as at the date of this report.

CORPORATE GOVERNANCE REPORT

Provision 2.3

In FY2020 and as at the date of this report, Non-Executive Directors make up a majority of the Board. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committees meetings, and had open discussions with the Management.

Provision 2.4

As at the date of this report, the Board comprise the following Directors:

Executive Directors

Mr. Hong Kah Ing	(Executive Director and Chief Executive Officer)
Mr. Syed Abdel Nasser Bin Syed Hassan Aljunied ("**Nasser Aljunied**")	(Executive Director)

Non-Executive Directors

Mr. Eddy Pratomo	(Independent Chairman)
Mr. Giang Sovann	(Lead Independent Director)
Mr. Omri Samosir	(Independent Director)

The Board has considered the present size and composition of the Board and each of the Board Committees, and is of the view that (i) the current size of the Board and each of the Board Committees has the appropriate mix of expertise and experience for facilitating effective decision-making and is appropriate for the nature and current scope of the Group's operations; and (ii) the current members of the Board and each of the Board Committees comprise persons whose diverse skills, experience and attributes provide for effective direction for the Company. The size and composition of the Board and each of the Board Committees are reviewed on an annual basis by the NC to ensure that the Board and each of the Board Committees have the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for effective functioning and informed decision-making.

Key information regarding the Directors is set out in the "Board of Directors" section of this Annual Report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and its related corporations, if any, (other than wholly-owned subsidiaries) are set out in the "Directors' Statement" section of this Annual Report.

The Company is committed to building a diverse, inclusive and collaborative culture. The Company recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board noted that gender diversity on the Board is also one of the recommendations under the Code to provide an appropriate balance of diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration. In reviewing the Board composition and appointments, the Nominating Committee takes into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors although merit remains the key driver.

Provision 2.5

The Independent Directors are encouraged to meet, without the presence of Management, so as to facilitate a more effective check on Management. During FY2020, the Independent Directors have met informally at least once without the presence of Management to discuss matters such as the corporate governance initiatives, board processes as well as leadership development.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

There is a clear separation of the roles and responsibilities of the Chairman and the Chief Executive Officer ("**CEO**") of the Company. This is to ensure appropriate balance of power and authority, accountability and decision-making. Mr. Eddy Pratomo, the Independent Chairman, and Mr. Hong Kah Ing, the Executive Director and CEO of the Company, are not related to each other.

Provision 3.2

The Chairman leads the Board to ensure its effectiveness on all aspects of its role, sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He also promotes a culture of openness and debate at the Board, ensures that the Directors receive complete, adequate and timely information. He ensures effective communication with shareholders (see Principle 13), as well as encourages constructive relations within the Board and between the Board and Management. The Chairman also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance.

The CEO is responsible for the overall management and operations of the Group, the strategic planning and development of the Group's business and spearheading the expansion and growth of the Group. He also takes a leading role in ensuring the Company's compliance with corporate governance guidelines and monitors and translates the Board's decisions and plans into actions.

Provision 3.3

Notwithstanding that the Chairman of the Board is an Independent Director, the Board has a Lead Independent Director, Mr. Giang Sovann, who is available for shareholders of the Company in the event that they have any concerns and for which contact through the normal channels of communication with the Management are not appropriate or inadequate. Mr. Giang Sovann periodically communicates with the other Independent Directors without the presence of other Directors and provides feedback to the Management after such meetings.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

The Board established the NC with written terms of reference which clearly sets out its authority and duties and report to the Board directly. The terms of reference of the NC include, *inter alia*, the following:

(a) to make recommendations to the Board on all Board appointments, re-appointments and re-nominations;

(b) to assess the effectiveness of the Board as a whole and the Board Committees, and contribution of each Director to the effectiveness of the Board;

(c) to make recommendation on the review of plans for succession of Directors and in particular, the Chairman, the CEO and key management personnel;

(d) to determine annually and as and when circumstances require, if a Director is independent pursuant to the Code;

(e) to review the training and professional development programs for the Board and the Directors;

CORPORATE GOVERNANCE REPORT

(f) in respect of a Director who has multiple board representations on various companies, deciding whether or not such Director is able to and has been adequately carrying out his/her duties as a Director, having regard to the competing time commitments that are faced when serving on multiple boards and discharging his/her duties towards other principal commitments; and

(g) to review and approve any new employment of related persons and the proposed terms of their employment.

The NC is also responsible for developing a process for evaluating the performance of the Board, its Board Committees and each individual Director.

Provision 4.2

In FY2020 and up to the date of this report, the NC comprises three members, including the Lead Independent Director (Mr. Giang Sovann), all of whom are Independent Directors. The members of the NC are:

Mr. Eddy Pratomo (Independent Chairman)	Chairman
Mr. Giang Sovann (Lead Independent Director)	Member
Mr. Omri Samosir (Independent Director)	Member

Provision 4.3

The NC makes recommendations to the Board on all nominations for appointment and re-appointment of Directors to the Board. In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members before sourcing for candidate through extensive network of contacts so as to identify desirable competencies for a particular appointment. In doing so, it strives to source for candidates who possess the skills and experience that will further strengthen the Board and are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Company. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. Directors are encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, other business and financial institutions as well as consultants.

In accordance with Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and reappointment at least once every three years. Under the Constitution of the Company, the Company has adopted a provision that Directors shall retire from office once every three years, and for this purpose, at each Annual General Meeting of the Company (the "**AGM**"), one-third of the Directors for the time being shall retire from office by rotation (in accordance with Rule 720(4) of the Catalist Rules). In this regard, Regulation 103 of the Constitution of the Company provides that between persons who became or were last re-elected Directors on the same day, those to retire by rotation shall be determined by lot (unless they otherwise agree among themselves). Pursuant to Regulation 104 of the Constitution of the Company, two Directors will be required to retire by rotation. In this regard, the NC has recommended, and the Board has agreed that at the forthcoming AGM, Mr. Hong Kah Ing and Mr. Giang Sovann (collectively, the "**Retiring Directors**"), will be retiring and will be nominated for re-appointment. Mr. Hong Kah Ing and Mr. Giang Sovann, being eligible, have offered themselves for re-election.

The Retiring Directors, being the members of the Nominating Committee, have each abstained from making any recommendation and/or participating in any deliberation of the Nominating Committee in respect of the assessment of their own performance or re-election as a Director.

Mr. Hong Kah Ing will, upon re-election as a Director, remain as Executive Director and Chief Executive Officer of the Company. Mr. Giang Sovann will, upon re-election as a Director, remain as Lead Independent Director, Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and the Nominating Committee. The Board considers Mr. Giang Sovann to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to the section entitled "Appendix 7F to the Catalist Rules" of this Annual Report for information on the Retiring Directors pursuant to Rule 720(5) of the Catalist Rules.

Provision 4.4

The NC ascertains the independence of Directors and evaluates the Board's performance as a whole on an annual basis. The NC assesses the independence of Directors based on the definition given in the Code, and taking into account Rule 406(3)(d) of the Catalist Rules, and any other salient factors, as set out above under Provision 2.1.

CORPORATE GOVERNANCE REPORT

Each Director is required to declare, on an annual basis, his independence by duly completing and submitting a 'Confirmation of Independence' form. The said form, which is drawn up based on the definitions and guidelines set forth in Principle 2 of the Code and the Guidebook for Audit Committees in Singapore (Second Edition) issued by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange in August 2014 ("**Guidebook**"), requires each Director to assess whether he considers himself independent despite not having any relationships identified in the Code. The Board, after taking into account the NC's views, is satisfied that Mr. Eddy Pratomo, Mr. Omri Samosir and Mr. Giang Sovann are independent, as there are no relationships or circumstances which could interfere, or could reasonably be perceived to interfere with the exercise of independent business judgement of each Independent Director. Further, none of the current Independent Directors has been serving on the Board beyond nine years from the date of his first appointment.

If the NC considers that a director who has one or more of the relationships mentioned in the Code can be considered independent, the NC shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he has no business or other relationships with the Company, its related companies or its officers.

Provision 4.5

The NC noted that Datuk Lim Kean Tin has failed to attend more than two Board Committee meetings in succession without special leave of absence from the Board. Pursuant to Regulation 102(viii) of the Company's Constitution, Datuk Lim Kean Tin has ceased to be a Director of the Company with effect from 15 March 2021. Save for the aforementioned, the NC is satisfied that sufficient time and attention has been dedicated by the Directors to the affairs of the Company and the Directors have adequately carried out their duties as Directors of the Company during FY2020, despite their other board representations and/or personal commitments. The Board has not experienced competing time commitments among its Board members and Board Committee meetings are planned and scheduled in advance. The NC has not established a guideline for a maximum number of listed board representation which a director may have as it believes that putting a maximum limit on the number of listed directorships a director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

Information of the listed company directorships and principal commitments of each Director are set out in the "Board of Directors" section of this Annual Report. There is no alternate Director on the Board.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

The Board has implemented a process carried out by the NC for assessing the effectiveness of the Board as a whole and of each of the Board Committees separately, and also assessing the contribution of the Chairman and each individual Director on an annual basis.

At the end of each financial year, each Board member is required to complete a Board assessment form and self-assessment form, both of which will be collated by the Company for review and discussion at the NC meeting. Based on the responses, the chairman of the NC will prepare a consolidated report and present the report to the Board at the Board meeting.

The evaluation of the Board is based on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board's processes and accountability, Board's performance in relation to discharging its principal responsibilities and the Directors' standards of conduct in assessing the Board's performance as a whole. The Board has taken the view that financial indicators may not be appropriate as these are more of a measurement of the Management's performance and therefore less applicable to Directors.

CORPORATE GOVERNANCE REPORT

The evaluation of individual Directors assesses whether each Director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for Board and Board Committee meetings and duties). The NC takes into account the results of the assessment of the effectiveness of the individual Director, the Director's annual confirmation and actual conduct on the Board, in making this determination.

During the re-nomination of the Directors at the end of each financial year, the NC assesses the contribution of such Directors to the effectiveness of the Board by considering factors such as attendance at meetings of the Board and Board Committees, the qualification, business knowledge and experience of such Directors, level of participation at meetings, and the overall contributions in time and efforts to the Company's business and affairs.

The evaluation of effectiveness and performance of each Board Committee as a whole is carried out annually on a self-evaluation basis by the respective members of each Board Committee. The results of the evaluation are reviewed and discussed by each respective Board Committee, and each Board Committee reports the evaluation results to the Board thereafter. The assessment criteria include but are not limited to the composition of the Board Committees and the procedure and accountability of each Board Committee.

Following the review, the Board is of the view that the Board and the Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. No external facilitator was engaged in FY2020.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

<u>Provision 6.1</u>

The Board established the RC with written terms of reference which clearly sets out its authority and duties and report to the Board directly. The terms of reference of the RC include, *inter alia*, the following:

(a) to review and recommend to the Board a general framework for remuneration for the Directors and key management personnel of the Company;

(b) to review and recommend specific remuneration package for each Director and key management personnel of the Company; and

(c) to review the Company's obligations arising in the event of termination of contracts of service of Executive Directors and key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The recommendations by the RC will be submitted for endorsement by the Board.

<u>Provision 6.2</u>

In FY2020 and up to the date of this report, the RC comprises three members, all of whom are Independent Directors. The members of the RC are:

Mr. Omri Samosir (Independent Director)	Chairman
Mr. Eddy Pratomo (Independent Chairman)	Member
Mr. Giang Sovann (Lead Independent Director)	Member

<u>Provision 6.3</u>

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, if applicable, and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

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The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

The RC will also review the Company's obligations under (i) the service agreements entered into with the Executive Directors; and (ii) the contracts of service entered into with the key management personnel, that would arise in the event of termination of the service agreements and contracts of service. This is to ensure that such service agreements and contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Provision 6.4

The Company has not engaged a remuneration consultant in respect of the remuneration matters of the Company during FY2020.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

The RC and the Board in determining the level and structure of remuneration of the Board and key management personnel will ensure that they are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account its strategic objectives, its long term interests and risk policies. The RC has structured remuneration packages for key management personnel on measured performance indicators, taking into account financial and non-financial factors. The Company adopts a remuneration system that is responsive to the market elements and performance of the Company and business divisions respectively. It is structured to link a significant and appropriate proportion of rewards to the Company and individual performance.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. However, the RC will also consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. No Director is involved in deciding his or her own remuneration.

The Company had, on 17 May 2018, entered into service agreements (the "**Service Agreements**") with the Executive Directors, namely Mr. Hong Kah Ing and Mr. Nasser Aljunied. The Executive Directors do not receive any Directors' fees but are remunerated as a member of the Management. Pursuant to the terms of the Service Agreements, the remuneration package of each of the Executive Director comprises a basic monthly salary component, a fixed annual wage supplement component and a profit sharing bonus component, based on the financial performance of the Group as a whole. Each Service Agreement is valid for an initial term of three years, and upon expiry, the employment shall be automatically renewed for a further period of three years. The appointment of each of the Executive Directors may be terminated by either party giving to the other not less than six months' (or such period as may be mutually agreed) written notice.

Provision 7.2

The remuneration framework for Directors, CEO and key management personnel is aligned with the interest of shareholders and relevant stakeholders and appropriate to attract, retain and motivate them for the long term success of the Group. The Non-Executive Directors (including the Independent Directors) do not have any service agreement with the Company. They are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. They do not receive any other form of remuneration from the Company.

CORPORATE GOVERNANCE REPORT

The payment of Directors' fees is subject to shareholders' approval at each AGM. Directors' fees for the Independent Directors and the Non-Executive and Non-Independent Director of S$192,000 for FY2020 (with payment to be made quarterly in arrears) had been approved by shareholders at the last AGM held on 25 June 2020. In view of the continued weak market conditions of the industries which the Group operates in, the RC and the Board have recommended to maintain and not increase the Directors' fees for the Independent Directors for the current financial year ending 31 December 2021, as compared to FY2020. Directors' fees for the Independent Directors of S$162,000 for the current financial year ending 31 December 2021 (with payment to be made quarterly in arrears) have been recommended by the Board and will be tabled for approval by shareholders at the forthcoming AGM.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.2

The summary remuneration table for the Directors (including CEO) and key management personnel (who are not Directors or CEO) of the Group for FY2020 is set out below:

Remuneration Band	Salary %	Bonus %	Allowances and Other Benefits %	Directors' Fees %	Total %
Below S$250,000					
Directors					
Mr. Hong Kah Ing	92	8	–	–	100
Mr. Nasser Aljunied	87	6	7	–	100
Mr. Eddy Pratomo	–	–	–	100	100
Mr. Omri Samosir	–	–	–	100	100
Mr. Giang Sovann	–	–	–	100	100
Datuk Lim Kean Tin(1)	–	–	–	100	100
Key Management Personnel*					
Mr. Edy Santi	89	7	4	–	100
Mr. Liew Wei Chun(2)	83	–	17	–	100
Mr. Ketan Ranadive(3)	65	17	18	–	100
Mr. Aris Pandin	89	7	4	–	100

Notes:

(1) Datuk Lim Kean Tin ceased as the Non-Executive Director with effect from 15 March 2021.
(2) Mr. Liew Wei Chun resigned as the Chief Financial Officer of the Company with effect from 1 September 2020.
(3) Mr. Ketan Ranadive was appointed as the Chief Financial Officer of the Company with effect from 14 September 2020.
* The Group has only four key management personnel (who are not Director or the CEO) during FY2020.

Save for Mr. Hong Kah Ing and Mr. Nasser Aljunied who are substantial shareholders of the Company, there is no employee of the Company who is a substantial shareholder of the Company or an immediate family member of a Director, the CEO or substantial shareholder and whose remuneration exceeds S$100,000 during FY2020.

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Save as disclosed above, the Code recommends that:

(a) the Company should fully disclose the amount and breakdown of remuneration of each individual Director and the CEO on a named basis; and

(b) the Company should disclose in aggregate the total remuneration paid to the top five key management personnel of the Company (who are not Directors or the CEO).

The Board has decided not to disclose the abovementioned information as recommended by the Code in light of confidentiality and competitive reasons in relation to the Directors and to avoid poaching of the key management personnel of the Company.

The RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having regard to their contributions as well as the financial performance and the commercial needs of the Company and has ensured that the Directors and key management personnel are adequately but not excessively remunerated.

There were no termination or retirement benefits and post-employment benefits that are granted to the Executive Directors and key management personnel in FY2020.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

Provision 8.3

The Company adopted a share plan known as the "SILKROAD Performance Share Plan" (the "**Plan**") on 25 June 2020 as a long term incentive plan for Executive Directors and employees of the Group whose services and contributions are vital to the Group's well-being and success. It is administered by Remuneration Committee of the Company. As at to-date, no awards have been granted under the Plan.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1

The Board acknowledges its responsibility for the governance of risk and ensuring that the Management maintains a sound system of risk management and internal controls to safeguard interest of shareholders and the Group's assets. At this stage, the Board is of the view that a separate board risk committee need not be established as the Board and the AC are currently responsible for monitoring the implementation of the Group's risk management framework and policies and the current arrangement is effective for the time being.

The Management has conducted a review of the strategic, operational, financial, compliance and information technology risks faced by the Group and has implemented appropriate controls to mitigate these risks. On a quarterly basis, the Chief Financial Officer ("**CFO**") of the Company provides an update to the AC on the key risks faced by the Group and measures in place to ensure that material risks of the Group are being mitigated to an acceptable level.

CORPORATE GOVERNANCE REPORT

Annually, the internal auditors prepare and execute a robust risk-based audit plan, which complements that of the external auditor, so as to review the adequacy and effectiveness of the Company's system of internal controls. These include operational, financial, compliance and information technology controls. In addition, the external auditor will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the AC. Significant issues are discussed at AC meetings. The internal auditors follow up on all recommendations by the AC and external auditors and reports the implementation status to the AC every year.

Provision 9.2

During FY2020, Mr. Hong Kah Ing, Executive Director and CEO of the Company, and the CFO of the Company (being Mr. Liew Wei Chun (resigned with effect from 1 September 2020) and Mr. Ketan Ranadive (appointed with effect from 14 September 2020) had provided assurance on a half yearly basis to the AC and the Board that, *inter alia*, (i) the financial records have been properly maintained and the financial statements give a true and fair view of the financial position of the Group, including the financial position and performance of the Group; and (ii) the risk management and internal compliance and control systems of the Group to the extent that financial reporting, operational and compliance risk are being reported effectively and efficiently, in all material aspects, based on the Group's risk management policies.

The Board, with the guidance from AC, will ensure that a review of the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, is conducted annually. In this respect, the AC will review the audit plans and the findings of the internal auditors and external auditors, and will ensure that the Group follows up on the auditors' recommendations raised, if any, during the audit process.

Based on the (i) risk management system and internal controls established and maintained by the Group; (ii) results of the external audit; (iii) work performed by internal and external auditors; (iv) relevant reviews performed by the Management including quarterly updates by the CFO on the key risks of the Group as well as their mitigating actions; and (v) assurances provided by the Executive Director and CEO, and the CFO of the Company on a half yearly basis, the Board, with the concurrence of the AC, is of the view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group are adequate and effective and to ensure assets of the Group are safeguarded as at 31 December 2020.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1

The Board established the AC with written terms of reference which clearly sets out its authority and duties and report to the Board directly. The terms of reference terms of reference of the AC include, *inter alia*, the following:

(i) to review significant financial reporting issues and judgements so as to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(ii) to review and report to the Board annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems;

(iii) to review the independence, adequacy and effectiveness of the Company's internal audit function;

(iv) to review assurance from CEO and CFO on the financial records and financial statements;

(v) to review the scope and the results of the external audit, and the independence and objectivity of the external auditors;

CORPORATE GOVERNANCE REPORT

(vi) to review the consolidated financial statements, balance sheets, profit and loss accounts and the independent auditor's report on financial statements, before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(vii) to review the co-operation given by the Management to the auditors;

(viii) to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;

(ix) to approve the remuneration and terms of engagement of external auditors;

(x) to review and approve any interested person transactions, falling within the scope of Chapter 9 of the Catalist Rules;

(xi) to review any potential conflicts of interest;

(xii) to review and approve any future hedging policies, instruments used for hedging and foreign exchange policies and practices of the Company;

(xiii) to undertake such other reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(xiv) to generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time; and

(xv) to review whistleblowing findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or key management personnel to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

Provisions 10.2 and 10.3

In FY2020 and up to the date of this report, the AC comprises three members, all of whom are Independent Directors. The members of the AC are:

Mr. Giang Sovann (Lead Independent Director)	Chairman
Mr. Eddy Pratomo (Independent Chairman)	Member
Mr. Omri Samosir (Independent Director)	Member

The Board is of the view that the members of the AC (including the Chairman) are appropriately qualified and possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. All AC members have many years of experience in accounting, finance and/or legal related expertise and experience.

No former partner or director of the Company's existing auditing firm is a member of the AC.

The AC keeps abreast of new accounting standards and related issues which have a direct impact on the Company's financial statements through regular updates from the Company's relevant advisors.

CORPORATE GOVERNANCE REPORT

Provision 10.4

Internal auditors

The Board believes in maintaining sound internal controls and systems to provide reasonable assurance against material financial losses or misstatements as well as to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, the compliance with applicable legislations, regulations and best practices, and the identification and containment of business risks.

The current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The internal audit function of the Company is outsourced to Deloitte & Touche Enterprise Risk Services Pte. Ltd.. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors report primarily to the AC. The internal auditors have unfettered access to all documents, records, properties and personnel, including access to members of the AC at all times. The internal auditors adopt the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors and staffed with persons with relevant qualifications and experience.

The functions of internal audit include the reviewing and evaluation of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The internal audit function performs regular audits of the Group's individual business units including its overseas operations. It reports its findings to the AC and follow up with the Management of the respective business units on remedial actions to be taken.

The AC annually reviews the independence, adequacy and effectiveness of the internal audit function to ensure that the internal audit function is independent, the internal audit resources are adequate and that the internal audits are performed effectively. The AC approves the hiring, removal, evaluation and compensation of internal auditing function. The AC is satisfied that the internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The AC is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to professional standards including those promulgated by The Institute of Internal Auditors.

External auditors

The AC reviews the scope and results of the audit carried out by the external auditors, as well as the independence of the external auditors annually. The aggregate amount of fees paid/payable to the external auditors of the Company, Baker Tilly TFW LLP ("**Baker Tilly**"), for FY2020 was S$120,000 for audit services and S$3,800 for non-audit services rendered. The AC is of the view that the independence and objectivity of the external auditors of the Company are in place.

The AC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to shareholders' approval at the AGM.

In reviewing the nomination of Baker Tilly for re-appointment for the financial year ending 31 December 2021, the AC has considered the adequacy of the resources, experience and competence of Baker Tilly, and has taken into account the Audit Quality Indicators relating to Baker Tilly (both at firm level and on the audit engagement level). Consideration was also given to the experience of the audit partner-in-charge and key team members in handling the audit of the Company which is a mining company. The Board also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines. Baker Tilly is registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act. On the basis of the above, the AC and the Board are satisfied with the standard and quality of work performed by Baker Tilly and have recommended the nomination of Baker Tilly for re-appointment as external auditors of the Company for the ensuring year be tabled for shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

For FY2020, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the Company and its subsidiaries.

Provision 10.5

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of the Management at least once a year.

The Company has in place a whistle-blowing framework where staff of the Company can raise concerns about improprieties in matters of financial reporting or other matters through normal channels to the dedicated officers of the Company or to the AC via email or letter. In FY2020 and as of to-date, there were no reports received through the whistle- blowing mechanism established by the Company.

During FY2020, the AC had, among others, carried out the following activities:

(a) reviewed the half year and full year financial statements announcements of the Group, and recommended to the Board for approval and release via the SGXNet;

(b) reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls), and risk management systems;

(c) reviewed and approved the annual audit plan of the external auditors;

(d) reviewed the independence of the external auditors;

(e) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval;

(f) reviewed and approved the internal audit plan with the internal auditors, and evaluated the adequacy and effectiveness of the internal control and accounting system before submission of the results of such review to the Board for approval; and

(g) met with the external auditors and with the internal auditors once without the presence of the Management.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The AC has reviewed the key audit matters disclosed in the external auditors' report for FY2020, and is of the view that there is no material inconsistency between the audit procedures adopted by the external auditors and the Management's assessment.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Provisions 11.1, 11.2, 11.3 and 11.4

Shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay apprised of the Company's strategy and goals. If any shareholder is unable to attend, he/she is allowed to appoint proxies to vote on his/ her behalf at the general meetings through proxy forms sent to the Company within the prescribed period. The Company has introduced the system of voting, pursuant to which each resolution put forth at general meetings is voted by way of a poll. The percentages of votes in favour and against each resolution will be announced via SGXNet after the general meetings. Shareholders also have the opportunity to communicate their views and discuss with the Directors and Management matters affecting the Company after the general meetings. Under the new multiple proxy regime, "relevant intermediaries", such as banks, capital markets services license holders that provide custodial services for securities and the Central Provident Fund Board ("**CPF**") and Supplementary Retirement Scheme ("**SRS**"), are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. Voting in absentia by mail, facsimile or email is currently not permitted. Such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the shareholders' identities.

Notice of the general meeting will be advertised in newspapers and announced on SGXNet. Each item of special business will be accompanied by full explanation of the effects of a proposed resolution. The Company provides for separate resolutions at general meetings of shareholder on each distinct issue. All the resolutions at the general meetings are single item resolutions. Detailed information on each resolution in the AGM agenda is in the explanatory notes to the AGM Notice in the Annual Report.

All Directors, including the Chairman of each of the AC, NC and RC and external auditors, are present at general meetings to address queries from the shareholders and meeting attendees on the conduct of audit and the preparation and content of the auditors' report. In FY2020, save for Datuk Lim Kean Tin (former Non-Executive and Non-Independent Director), all Directors attended the Company's AGM held on 25 June 2020 ("**2020 AGM**"). Datuk Lim Kean Tin has ceased as a Director of the Company on 15 March 2021. Please refer to the Company's announcement dated 16 March 2021 for more information. Save for the 2020 AGM, there were no other general meetings of the Company held during FY2020.

For FY2020, due to the COVID-19 outbreak and the circuit breaker put in place by the Singapore Government, the Company's last AGM held on 25 June 2020 (being the 2020 AGM) was held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). The notice of AGM was not published in the newspaper, but was instead disseminated to shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order. The Company had also published a notice to shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2020 AGM, during the COVID-19 pandemic.

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a relevant intermediary) entitled to vote at the AGM must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Shareholders participated in the 2020 AGM via electronic means, voting by appointing the Chairman of the 2020 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the 2020 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website. The Company did not receive any question from shareholders before the 2020 AGM.

Provision 11.5

The proceedings of all general meetings including substantial and relevant comments/queries from shareholders and responses exchanged between the Company and shareholders are recorded in the minutes book of the Company, and will be published on the Company's corporate website. Minutes of the 2020 AGM had been published by the Company on its corporate website and on the SGXNet within one month from the date of the 2020 AGM.

CORPORATE GOVERNANCE REPORT

Provision 11.6

The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period are subject to various other factors including the level of cash and retained earnings. The Board has not recommended any dividend for FY2020 as the Group recorded a net loss in FY2020.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

Shareholders are informed of general meetings through notices sent to all shareholders, made available electronically. Shareholders may download the Annual Report and Notice of AGM from the Company's website. The general meeting procedures provide shareholders the opportunity to raise questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage and openly communicate their views on matters relating to the Company to the Directors. Please refer to Principle 11 on communications with shareholders in relation to the 2020 AGM.

Though the Company does not currently have an investor relations policy it believes in regular, effective and fair communication with members of the investing community. As such, shareholders may contact the Company with their questions via emails and phone calls and the Company will respond to such questions in a timely manner.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1, 13.2 and 13.3

In line with continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders be informed of all material developments that impact the Company.

Material development information is disseminated to shareholders on a timely basis through:

(a) SGXNet announcements;

(b) Annual Reports and Annual Sustainability Report prepared and issued to all shareholders;

(c) Press releases on material developments of the Company; and

(d) Notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings ("**EGM**").

The Company's general meetings are the principal forums for dialogue with shareholders. The respective Chairmen of the Board, AC, RC, NC and senior Management are normally present and available at the general meetings to answer any question relating to the scope of matters considered by the Board and the respective Board Committees. The external auditors are also present to assist the Directors in addressing any relevant queries by the shareholders. The AGM is held four months after the close of the financial year.

CORPORATE GOVERNANCE REPORT

The Board adopts a balanced approach towards the needs and interests of key stakeholders, taking into account the best interests of the Company. The Company has identified key stakeholders who have an impact on the Group's business and operations and during the COVID-19 outbreak, the Group has stayed committed to prioritising the health and safety of its employees. The Group has also undertaken a process to determine the economic, environmental, social and governance issues which are important to these stakeholders.

Detailed approach to the stakeholder engagement and materiality assessment will be disclosed in the Group's sustainability report for FY2020, which will be published by the Company on SGXNet by 31 May 2021, to keep stakeholders informed on the Group's business and operations.

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company, its financial performance and sustainability report are disclosed in an accurate and timely manner via SGXNet. Shareholders are also informed of rules, including voting procedures that govern the general meeting. The Company maintains a current corporate website, https://www.silkroadnickel.com/, to communicate and engage with stakeholders. The annual report sets out the Group's strategy and key areas of focus in managing stakeholder relationships.

Dealing In Company's Securities

In compliance with Rule 1204(19) of the Catalist Rules, the Company has adopted its own internal compliance code pursuant to the SGX-ST's best practices on dealing in securities and these are applicable to the Company and its officers in relation to their dealings in the Company's securities. The Company and its officers are advised not to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year (if the Company is subject to quarterly results announcements) and one month before the announcement of the Company's half year and full year financial statements, until the release of the financial statements to SGXNet, or if they are in possession of unpublished price-sensitive information of the Company. In addition, the Company and its officers are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period and they should not deal in the Company's securities on short-term consideration.

Interested Person Transactions

The Company does not have a general mandate from shareholders for interested person transactions.

Pursuant to Rule 920(1)(a)(ii) of the Catalist Rules, the aggregate value of interested person transactions entered into by the Group for FY2020 are as follows:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
PT Bina Mitra Serasi ("**PT BMS**") - Rental of office space by PT Teknik Alum Service (a subsidiary of the Company) ("**PT TAS**") from PT BMS - Rental of cars by PT TAS from PT BMS	PT BMS is 4% and 96% owned by (i) Mr. Hong, who is a controlling shareholder of the Company and the Executive Director and Chief Executive Officer of the Company; and (ii) Mr Hong's spouse, respectively	208	–
Total		208	–

CORPORATE GOVERNANCE REPORT

Material Contracts

Save as disclosed above in the section entitled "Interested Person Transactions" and the Service Agreements, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder of the Company which are either still subsisting at the end of FY2020, or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2019.

Non-Sponsorship Fees

Pursuant to Rule 1204(21) of the Catalist Rules, no non-sponsorship fees were payable or paid to ZICO Capital Pte. Ltd. in FY2020.

DIRECTORS' STATEMENT

Year ended 31 December 2020

The directors hereby present their statement to the members together with the audited consolidated financial statements of Silkroad Nickel Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 41 to 90 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Hong Kah Ing
Syed Abdel Nasser Bin Syed Hassan Aljunied
Eddy Pratomo
Omri Samosir
Giang Sovann

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Year ended 31 December 2020

Directors' interests in shares or debentures

The following directors of the Company, who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings required to be kept under Section 164 of the Act, an interest in shares, share options and debentures of the Company and related corporations, as stated below:

	Number of ordinary shares					
	Shareholdings registered in the name of director			Shareholdings in which the director is deemed to have an interest		
Name of directors and corporations in which interest is held	**At 1.1.2020**	**At 31.12.2020**	**At 21.1.2021**	**At 1.1.2020/ date of appointment**	**At 31.12.2020**	**At 21.1.2021**
The Company						
Datuk Lim Kean Tin (ceased as a director on 15 March 2021)	8,252,400	8,252,400	8,252,400	–	–	–
Hong Kah Ing	–	–	–	220,127,138	184,111,555	184,111,555
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	220,127,138	184,111,555	184,111,555
Ultimate holding corporation						
<u>Far East Mining Pte. Ltd.</u>						
Hong Kah Ing	64,308	64,308	64,308	–	–	–
Syed Abdel Nasser Bin Syed Hassan Aljunied	24,387	24,387	24,387	–	–	–
Subsidiary corporations						
<u>FE Resources Pte. Ltd.</u>						
Hong Kah Ing	–	–	–	2	2	2
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	2	2	2
<u>PT Anugrah Tambang Sejahtera</u>						
Hong Kah Ing	–	–	–	500,000	500,000	500,000
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	500,000	500,000	500,000
<u>PT Teknik Alum Service</u>						
Hong Kah Ing	25*	25*	25*	2,500	2,500	2,500
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	2,500	2,500	2,500
<u>Silkroad Metal Industries Pte. Ltd.</u>						
Hong Kah Ing	–	–	–	100	100	100
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	100	100	100

* Mr Hong Kah Ing, who holds 1% equity interest in this subsidiary has executed a deed of assignment and a power of attorney to assign his shareholder and voting rights in PT Teknik Alum Service to PT Anugrah Tambang Sejahtera.

The deemed interests of Mr Hong Kah Ing and Mr Syed Abdel Nasser Bin Syed Hassan Aljunied in the shares of the Company are by virtue of their shareholdings in Far East Mining Pte. Ltd., which in turn holds shares in the Company. At 31 December 2020, Far East Mining Pte. Ltd. holds 184,111,555 shares in the Company.

Mr Hong Kah Ing and Mr Syed Abdel Nasser Bin Syed Hassan Aljunied, by virtue of their interests of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiary corporations.

DIRECTORS' STATEMENT

Year ended 31 December 2020

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee during the financial year and at the date of this statement are:

Giang Sovann (Chairman)
Eddy Pratomo
Omri Samosir

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Act and the SGX Listing Manual. Their functions are detailed in the Corporate Governance Report included in this Annual Report.

In performing its functions, the Audit and Risk Committee met with Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by the Group's management to the internal and independent auditors;
- half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions, if any, during the financial year (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Hong Kah Ing
Director

Syed Abdel Nasser Bin Syed Hassan Aljunied
Director

6 April 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Silkroad Nickel Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Silkroad Nickel Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 41 to 90, which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Going concern assumption</u>
(Refer to Note 3 to the financial statements)

During the financial year, the Group incurred a net loss of US$3,641,000 and recorded a net cash outflow of US$1,310,000 from its operating activities. During the financial year, the Company incurred a net loss of US$1,169,000.

Based on the assessment and cash flow forecasts prepared, the directors of the Company have determined that it is appropriate for the financial statements of the Group and the Company to be prepared on going concern basis after taking into consideration the Group's ability to generate sufficient positive cash flows from the continued mining operations, obtain additional funding and agreement for extension of repayment dates in order to enable the Group and the Company to meet the operating requirements and to pay their debts as and when they fall due. The details of the Group's and the Company's measures are disclosed in Note 3 to the financial statements.

The appropriateness of the use of going concern assumption in the preparation of these financial statements required significant auditor attention. Accordingly, we determined this to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT

To the members of Silkroad Nickel Ltd.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Going concern assumption (cont'd)

Our audit procedures to address the key audit matter

We obtained an understanding of the business plan and financing requirements. We obtained management's cash flow forecasts prepared for the purpose of the going concern assessment and evaluated the reasonableness of the key assumptions used in the forecasts. We performed stress test on the key assumptions used in the forecasts, in particular the future production levels, selling prices and operating costs by reference to the historical data and market available data. In addition, our procedures included evaluation of the Group's and the Company's ability to meet its current liabilities, which are due within one year from 31 December 2020 based on corroboration of extension and repayment schedules entered into with lenders and current trade payables, and assessment of availability of funding for its operation and ability to achieve targeted production volume. We also assessed the adequacy of the disclosures made in the financial statements.

Impairment assessment of trade receivables
(Refer to Notes 3, 14 and 25(b) to the financial statements)

As at 31 December 2020, the Group's trade receivables of US$7,343,000 comprise 2 debtors and represented 56% of the total current assets of the Group.

The Group determines expected credit loss ("ECL") of trade receivables by applying the simplified approach to measure the lifetime ECL for its trade receivables. These assessments required management to use significant judgement and consideration of multiple factors, including the age of the balances, recent payments, expected realisable value of collateral and outlook of relevant economic environments, where applicable. Accordingly, we determined that this is a key audit matter.

Our audit procedures to address the key audit matter

We obtained an understanding of the Group's processes and key controls relating to the monitoring of trade receivables and assessment of expected credit loss.

We evaluated the assumptions and estimates used by management to determine the ECL through reviewing the ageing profile of the trade receivables, recent payments, expected realisable value of collateral and reviewing documentary evidence and explanations from management to assess the recoverability, where applicable. In addition, our audit procedures included circularisation of trade receivable confirmations. We also assessed the adequacy of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2020, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the members of Silkroad Nickel Ltd.

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the members of Silkroad Nickel Ltd.

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ng Wei Lun.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Revenue	4	**475**	15,498
Cost of goods sold		**(599)**	(9,501)
Gross (loss)/profit		**(124)**	5,997
Other income	5	**212**	237
Expenses			
Administrative expenses		**(3,267)**	(4,952)
Finance costs	6	**(398)**	(361)
Allowance for impairment of trade receivables	14	**(41)**	–
(Loss)/profit before tax	7	**(3,618)**	921
Tax expense	9	**(23)**	(785)
(Loss)/profit for the financial year		**(3,641)**	136
Other comprehensive loss for the financial year, net of tax:			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits liabilities, net of tax		**(10)**	(32)
Total comprehensive (loss)/income for the financial year		**(3,651)**	104
		US cents	US cents
(Loss)/earnings per share			
Attributable to equity holders of the Company			
- Basic and diluted	10	**(1.39)**	0.10

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
		2020	2019	**2020**	2019
	Note	**US$'000**	US$'000	**US$'000**	US$'000
Non-current assets					
Property, plant and equipment	11	**11,246**	12,330	**96**	71
Investment in subsidiaries	12	**–**	–	**66,241**	66,241
Deferred tax assets	13	**248**	241	**–**	–
Receivables	14	**357**	332	**–**	1,688
		11,851	12,903	**66,337**	68,000
Current assets					
Inventories	15	**4,868**	1,249	**2,195**	–
Receivables and prepayments	14	**8,118**	11,297	**3,051**	3,110
Cash and cash equivalents		**33**	64	**8**	2
		13,019	12,610	**5,254**	3,112
Total assets		**24,870**	25,513	**71,591**	71,112
Non-current liabilities					
Liabilities for post-employment benefits	16	**507**	521	**–**	–
Payables	20	**756**	–	**756**	–
Lease liabilities	17	**39**	52	**39**	–
Provisions	18	**808**	743	**–**	–
Borrowings	19	**2,062**	741	**2,062**	741
		4,172	2,057	**2,857**	741
Current liabilities					
Payables and accruals	20	**9,194**	7,923	**807**	500
Contract liabilities	21	**61**	–	**61**	–
Lease liabilities	17	**138**	270	**56**	40
Tax payables		**1,078**	1,039	**38**	20
Borrowings	19	**1,446**	1,792	**922**	1,792
		11,917	11,024	**1,884**	2,352
Total liabilities		**16,089**	13,081	**4,741**	3,093
Net assets		**8,781**	12,432	**66,850**	68,019
Equity					
Share capital	22	**8,979**	8,979	**86,387**	86,387
Accumulated (losses)/profits		**(198)**	3,453	**(19,537)**	(18,368)
Total equity		**8,781**	12,432	**66,850**	68,019

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Share capital US$'000	Accumulated profits/(losses) US$'000	Total equity US$'000
Group			
Balance at 1 January 2019	8,979	3,349	12,328
Profit for the financial year	–	136	136
Other comprehensive loss			
Remeasurement of post-employment benefits liabilities	–	(32)	(32)
Total comprehensive income for the financial year	–	104	104
Balance at 31 December 2019	8,979	3,453	12,432
Loss for the financial year	–	(3,641)	(3,641)
Other comprehensive loss			
Remeasurement of post-employment benefits liabilities	–	(10)	(10)
Total comprehensive loss for the financial year	–	(3,651)	(3,651)
Balance at 31 December 2020	**8,979**	**(198)**	**8,781**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Share capital US$'000	Accumulated losses US$'000	Total equity US$'000
Company			
Balance at 1 January 2019	70,146	(16,777)	53,369
Loss and total comprehensive loss for the financial year	–	(1,591)	(1,591)
Issue of shares pursuant to earn-out consideration shares	16,241	–	16,241
Balance at 31 December 2019	86,387	(18,368)	68,019
Loss and total comprehensive loss for the financial year	–	(1,169)	(1,169)
Balance at 31 December 2020	**86,387**	**(19,537)**	**66,850**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Group	
	2020	2019
	US$'000	US$'000
Cash flows from operating activities		
(Loss)/profit before tax	**(3,618)**	921
Adjustments for:		
Amortisation of discount on provision for assets retirement obligations	**12**	13
Depreciation of property, plant and equipment	**889**	1,013
Loss/(gain) on disposal of property, plant and equipment	**88**	(19)
Fair value gain on amounts due to related parties	**(143)**	–
Interest income	**(9)**	(8)
Interest expense	**363**	300
Interest expense on lease liabilities	**23**	48
Post-employment benefits	**217**	221
Provision for mine reclamation and rehabilitation	**61**	56
Allowance for impairment of trade receivables	**41**	–
Unrealised foreign exchange loss	**8**	80
Operating cash flow before working capital changes	**(2,068)**	2,625
Changes in operating assets and liabilities		
Inventories	**(3,619)**	(138)
Receivables and prepayments	**3,218**	(9,966)
Payables and accruals	**1,105**	5,623
Contract liabilities	**61**	–
Cash used in operations	**(1,303)**	(1,856)
Interest received	**9**	8
Taxes paid	**(16)**	(60)
Net cash used in operating activities	**(1,310)**	(1,908)
Cash flows from investing activities		
Deposit for investment to a related party	**(16)**	(85)
Net payment on behalf to a related party	**(86)**	(6)
Net proceeds from disposal of property, plant and equipment	**202**	71
Purchases of property, plant and equipment (Note 11(b))	**(101)**	(765)
Net cash used in investing activities	**(1)**	(785)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Group	
	2020	2019
	US$'000	US$'000
Cash flows from financing activities		
Interest paid	**(246)**	(250)
Interest paid on lease liabilities	**(23)**	(48)
Repayment of advances from directors	**–**	(2)
Loan received from related parties	**210**	–
Loans received from third parties	**570**	4,611
Loan repayment to a third party	**–**	(2,170)
Net advances from related parties	**813**	54
Net advances from ultimate holding company	**90**	31
Repayment of lease liabilities	**(133)**	(359)
Repayment of advances from third party	**–**	(1)
Advances received from third party	**–**	800
Net cash generated from financing activities	**1,281**	2,666
Net decrease in cash and cash equivalents	**(30)**	(27)
Cash and cash equivalents at beginning of financial year	**64**	87
Effect of exchange rate changes on cash and cash equivalents	**(1)**	4
Cash and cash equivalents at end of financial year	**33**	64

Cash and cash equivalents are represented by cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Co. Reg. No. 200512048E) is incorporated and domiciled in Singapore as a limited liability company. The registered office is located at 50 Armenian Street, #03-04, Singapore 179938. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 12.

The immediate and ultimate holding companies is Far East Mining Pte. Ltd., a company incorporated in Singapore.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements, presented in United States dollar ("US$" or "USD"), which is the Company's functional currency and all financial information presented in United States dollar are rounded to the nearest thousand (US$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group and the Company have adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to the equity holders of the Company.

When a change in the Company's ownership interest in subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

(d) Revenue recognition

Sales of nickel ore

The Group sells nickel ore. The Group transfers control and recognises a sale when they deliver goods to the customers. The amount of revenue recognised is the amount of transaction price allocated to the satisfied performance obligation ("PO") as per specified in the contract with no element of financing deemed present. The transaction price determined is the amount of consideration in the contract to which the Group expects to be entitled in exchange for satisfying the PO. A receivable is recognised when the nickel ore are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payment from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

Interest income

Interest income is recognised using the effective interest method.

Rental income

Lease payments from operating leases are recognised on a straight-line basis over the lease term.

(e) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(e) Employee benefits (cont'd)

Post-employment benefits

Long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits are calculated in accordance with the "Company Regulation" of the subsidiaries in Indonesia which is in line with Labor Law No. 13/2003 in Indonesia.

The obligation for post-employment benefits recognised in the consolidated statement of financial position is calculated at present value of estimated future benefits that the employees have earned in return for their services in the current and prior years, deducted by any plan assets. The calculation is performed by an independent actuary using the projected unit credit method.

When the benefits of a plan change, the portion of the increased or decreased benefits relating to past services by employees is charged or credited to the profit or loss using the straight-line method over the average remaining service period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit or loss. Actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income or loss.

Other long-term employment benefits

The Group provides other long-term employment benefits in the form of long service leave award which is determined in compliance with the Company Regulation of the subsidiaries in Indonesia. The expected costs of these benefits are calculated and recognised over the year of employment, using a method which is applied in calculating obligation for post-employment benefits. These obligations are calculated minimum once a year by an independent actuary. Other long term employment benefits that are vested are recognised as expense immediately in the profit or loss.

(f) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(f) Leases (cont'd)

When a Group entity is the lessee (cont'd)

Lease liabilities (cont'd)

The lease liabilities are presented as a separate line in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and useful life of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(k).

When a Group entity is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(g) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax is provided on all temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

(h) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(h) Property, plant and equipment (cont'd)

Depreciation of property, plant and equipment (except for mining properties) is calculated on a straight-line basis to allocate the depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Office premises	1.75 - 3.75
Buildings and infrastructure	20
Vehicles	4 - 8
Machineries	8
Office equipment	3 - 8
Heavy equipment	8 - 16
Lab equipment	4
Renovation	3

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Mining properties

Mining properties comprise costs incurred in relation to land compensation and exploration and development expenditures when proved reserves are determined.

The mining property balance is amortised using the unit-of-production method based on estimated nickel ore reserves from commencement of commercial production and having regard to the term of the mining business license.

(i) Mine reclamation and rehabilitation and asset retirement obligations

Mine reclamation and rehabilitation expenditures are costs associated with mine reclamation during the mine operation period, mine closure and decommissioning and demobilisation of facilities and other closure activities.

Provision for estimated costs of mine reclamation and rehabilitation is recorded on an incremental basis based on the quantity produced. The rate used is subject to a regular review based on mine reclamation and mine closure plans.

The asset retirement obligations are recognised as liabilities when a legal obligation with respect to the retirement of an asset is incurred, with the initial measurement of the obligation at present value. These obligations are accreted to full value over time through charges to profit or loss. In addition, an asset retirement cost equivalent to the liabilities is capitalised as part of the related asset's carrying value and is subsequently depreciated or depleted over the asset's useful life. A liability for an asset retirement obligation is incurred over more than one reporting period. For example, if a facility is permanently closed but the closure plan is developed over more than one reporting period, the cost of the closure of the facility is incurred over the reporting periods when the closure plan is finalised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(i) Mine reclamation and rehabilitation and asset retirement obligations (cont'd)

For environmental issues that may not involve the retirement of an asset, where the Group is a responsible party and it is determined that a liability exists, and the amount can be quantified, the Group accrues for the estimated liability. In determining whether a liability exists in respect of such environmental issues, the Group applies the criteria for liability recognition under applicable accounting standards, as follows:

- there is clear indication that an obligation has been incurred at the end of the financial reporting period resulting from activities which have already been performed; and

- there is a reasonable basis to calculate the amount of the obligation incurred.

(j) Inventories

Nickel inventories represent nickel ore on hand and are valued at the lower of cost and net realisable value. Cost is determined on a weighted-average basis and includes an appropriate allocation of materials, labour, depreciation and overheads related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Nickel pig iron in-transit are stated a cost, determined on a first-in, first-out basis.

Fuel and spare parts are stated at cost, determined using the weighted average method, less allowance for obsolete inventories.

(k) Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(l) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(m) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are classified at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments include cash and cash equivalents and trade and other receivables (excluding prepayments and tax recoverable). The financial assets are subsequently measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for ECLs for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(m) Financial assets (cont'd)

Impairment (cont'd)

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(n) Financial liabilities

Financial liabilities include payables, accruals (excluding provision for unutilised leave), borrowings and lease liabilities. Financial liabilities are recognised on the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(o) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and Company are presented in USD, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(o) Functional and foreign currencies (cont'd)

Transactions and balances (cont'd)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(p) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments.*

(q) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(r) Provision for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(s) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 Summary of significant accounting policies (cont'd)

(u) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs).

Going concern assumption

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have significantly impacted the Group. These measures required the Group to close its mining activities in Indonesia for periods of two to three months during the financial year. Although production activities resumed with the deployment of the Group's local Indonesian employees in April 2020, it remained at lower levels for the rest of the financial year in view of the on-going COVID-19 pandemic and safety considerations. No nickel ore was sold in the second half of 2020. This has negatively impacted the Group's financial performance for the financial year and also its liquidity position.

During the financial year, the Group incurred a net loss of US$3,641,000 and recorded a net cash outflow of US$1,310,000 from its operating activities. During the financial year, the Company incurred a net loss of US$1,169,000.

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date of authorisation of these financial statements and that the going concern basis of preparation of these financial statements remains appropriate.

The Group and the Company have taken the following measures to improve the Group's and the Company's financial performance and position:

- On 10 March 2021, the Group entered into a 2-year nickel ore sales agreement with PT Ekasa Yad Resources ("Ekasa") to produce and deliver an aggregate of 2.7 million metric tonnes of nickel ore to Ekasa from March 2021 to December 2022, with a minimum quantity of 50,000 metric tonnes per month with an average nickel content grade of 1.70%. Following to the sales agreement, the Group received sale advances of approximately US$1 million for delivery of the first 50,000 metric tonnes nickel ore by April 2021. The Group has increased its production capacity at its mine site since March 2021 and had, on 3 April 2021, completed the delivery of its first shipment of 7,582 metric tonnes of nickel ore for the month of March 2021 under the sales agreement. Management is confident that the Group has the ability to meet its commitment under the sales agreement to deliver the monthly minimum quantity to Ekasa;

- Obtained additional cash advance of US$1,100,000 from holding company subsequent to year end which is repayable in the 18th month from the date of drawdown;

- Subsequent to year-end, the Group extended a current borrowing from a third party of US$524,000 to another 12 months from April 2021 (Note 19);

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

Going concern assumption (cont'd)

The Group and the Company have taken the following measures to improve the Group's and the Company's financial performance and position (cont'd):

- Obtained extension of repayment of loans from third parties amounted to US$1,888,000 to 31 July 2023 during the financial year;

- On 31 March 2021, the Group entered into a repayment schedule with a major supplier with outstanding current trade payables of US$3,870,000 as at 31 December 2020. The Group agreed with the supplier to repay an amount of approximately IDR9 million (equivalent to US$600,000) by July 2021 through income from sales of nickel ore to Ekasa with the remaining balance to be repayable in the financial year ending 31 December 2022;

- On 26 March 2021, the Group entered into offtake financing agreement with a third party to obtain funding of up to IDR10 billion (approximately US$0.9 million). The loan is unsecured and repayable in full on 31 December 2022 through income from sales of nickel ore to Ekasa;

- Early terminated one of the leases of office premises during the financial year; and

- Reduced non-essential capital expenditure and deferring discretionary spending.

As at date of authorisation of financial statements, the Group has cash and cash equivalents of US$1,487,000.

Based on the above factors, the directors of the Company believe that the Group and the Company will be able to generate sufficient positive cash flows from the continued mining operations, obtain additional funding and agreement for extension of repayment dates in order to enable the Group and the Company to meet the operating requirements and to pay their debts as and when they fall due.

As such, the directors have determined that it is appropriate for the financial statements of the Group and the Company to be prepared on a going concern basis.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of investment in subsidiaries

Management assesses impairment of the above-mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or indicate that the recoverable amount of an asset may be higher than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss or write back of impairment. Fair value less cost to sell calculation is based on observable market prices or market valuations less incremental costs for disposing asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary. The carrying amount of the Company's investment in subsidiaries at the end of the reporting period is disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

(b) *Calculation of loss allowance*

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group determines ECL of trade receivables by applying the simplified approach to measure the lifetime ECL for its trade receivables. The Group estimates the expected credit loss rates of the debtors based on multiple factors, including the age of the balances, recent payments, expected realisable value of collateral and outlook of relevant economic environments.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. With the recent COVID-19 pandemic resulting in economic uncertainties, the estimates on ECL have included expected effects that the pandemic might have on the recoverability of the Group's receivables.

As the calculation of loss allowance on trade receivables, loan to a subsidiary and amount due from a subsidiary is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables, loan to a subsidiary and amount due from a subsidiary. The information about the ECL and the carrying amounts of trade receivables, loan to a subsidiary and amount due from a subsidiary at the end of the reporting period are disclosed in Notes 14 and 25(b) respectively.

(c) *Provision for mine reclamation and rehabilitation and assets retirement obligations*

The Group's accounting policy for the recognition of mine reclamation and rehabilitation provisions requires significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time.

Assets retirement obligations are recognised in the period in which they are incurred if a reasonable estimate of fair value can be made. This requires an estimation of the cost to restore/dismantle per location basis and is based on the best estimate of the expenditure required to settle the obligation on the future restoration/dismantlement date, discounted using a pre-tax rate that reflects the current market, assessment of the time value of money and where appropriate the risk specific to the liability.

The carrying amounts of provision for mine reclamation and rehabilitation and assets retirement obligations at the end of the reporting period are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

(d) Estimated useful lives of property, plant and equipment

The useful life of each of the items of the Group's property, plant and equipment is estimated based on the period over which the assets are expected to be available for use. Such estimation is based on internal technical evaluations and experience with similar assets.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future results of the operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment would affect the recorded depreciation expense and carrying values of the assets. The carrying amounts of property, plant and equipment at the end of the reporting period are disclosed in Note 11.

(e) Reserve estimates

The Group determines and reports its nickel reserve under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code"). In order to estimate nickel reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Because the economic assumptions used to estimate reserves change from period to period and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the amortisation of mining properties as well as the recovery of the carrying amounts of mining properties. The carrying amounts of mining properties at the end of the reporting period are disclosed in Note 11.

(f) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's deferred tax assets at the end of the reporting period are US$248,000 (2019: US$241,000). The carrying amounts of the Group's and the Company's tax payables at the end of the reporting period are US$1,078,000 (2019: US$1,039,000) and US$38,000 (2019: US$20,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

(g) Impairment of non-current assets

Property, plant and equipment and mining properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating-units, have been determined based on the higher of fair value less cost to sell and value in use calculations including consideration of COVID-19 pandemic impact. These calculations involve the use of estimates and assumptions such as forecasted revenue and operating costs, and discount rate. These estimates and assumption involve significant management judgement and are affected by future market and economic conditions. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

The carrying amounts of the property, plant and equipment and mining properties at the end of the reporting period are disclosed in Note 11.

4 Revenue

	Group	
	2020	2019
	US$'000	US$'000
Sales of nickel ore	**475**	15,498

The revenue is solely derived from Indonesia. The revenue is recognised at a point in time when the Group transfers control of the goods.

5 Other income

	Group	
	2020	2019
	US$'000	US$'000
Gain on disposal of property, plant and equipment	**–**	19
Fair value gain on amounts due to related parties	**143**	–
Interest income	**9**	8
Rental income	**–**	194
Government grants	**43**	2
Others	**17**	14
	212	237

Government grant income of US$36,000 (2019: US$Nil) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6 Finance costs

	Group	
	2020	2019
	US$'000	US$'000
Amortisation of discount on provision for assets retirement obligations (Note 18)	**12**	13
Interest expenses on:		
- loans	**358**	298
- amounts due to related parties	**5**	–
- lease liabilities	**23**	48
- others	**–**	2
	398	361

7 (Loss)/profit before tax

	Group	
	2020	2019
	US$'000	US$'000
This is arrived at after charging/(crediting):		
Included in cost of goods sold:		
Changes in inventories	**(1,452)**	(138)
Depreciation of property, plant and equipment	**669**	743
Fuel expenses	**23**	43
Mining contractor charges	**284**	5,604
Provision for mine reclamation and rehabilitation (Note 18)	**61**	56
Rental of equipment and vehicles	**12**	17
Royalty fees	**65**	1,044
Staff costs	**392**	411
Transportation and port clearance expenses	**52**	803
Included in administrative expenses:		
Claims and penalties	**3**	152
Directors' fee	**139**	141
Depreciation of property, plant and equipment	**220**	270
Loss on disposal of property, plant and equipment	**88**	–
Loss on foreign currency exchange, net	**230**	200
Professional fees	**464**	711
Audit fees paid/payable to:		
- Auditor of the Company	**83**	99
- Other auditors of the Group*	**20**	23
Non-audit fees:		
- Auditor of the Company	**2**	–
- Other auditors of the Group*	**–**	–
Rental of office premises and vehicles	**129**	105
Staff costs	**1,208**	1,353
Travelling expenses	**70**	214

* Includes overseas independent member firms of Baker Tilly International network.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

8 Staff costs

	Group	
	2020	2019
	US$'000	US$'000
Directors of the Company:		
- Salaries and related costs	**304**	374
- Contribution to defined contribution plans	**9**	11
Other key management personnel (non-directors):		
- Salaries and related costs	**136**	205
- Contribution to defined contribution plans	**10**	11
Total key management personnel compensation	**459**	601
Other personnel:		
- Salaries and related costs	**910**	923
- Contribution to defined contribution plans	**14**	19
- Post-employment benefits (Note 16)	**217**	221
	1,600	1,764

9 Tax expense

	Group	
	2020	2019
	US$'000	US$'000
Tax expense attributable to (loss)/profit is made up of:		
Current income tax	**–**	789
Withholding tax	**27**	27
	27	816
Deferred tax (Note 13):		
- current year	**(4)**	(31)
	23	785

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

9 Tax expense (cont'd)

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the domestic rates applicable in the countries where the Group entities operate due to the following factors:

	Group	
	2020	2019
	US$'000	US$'000
(Loss)/profit before tax	**(3,618)**	921
Tax calculated at domestic rate applicable to (loss)/profit in the countries in which the Group entities operate	**(738)**	356
Expenses not deductible for tax purposes	**388**	404
Current year losses for which no deferred tax asset is recognised	**355**	–
Income not subject to tax	**(9)**	(2)
Others	**27**	27
	23	785

The corporate income tax rates applicable to companies incorporated in Singapore is 17% (2019: 17%). The corporate income tax rate applicable to companies incorporated in Indonesia is 22% (2019: 25%).

10 (Loss)/earnings per share

Basic (loss)/earnings per share are calculated by dividing the (loss)/earnings for the financial year, attributable to ordinary equity owners of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share are calculated by dividing the (loss)/earnings for the financial year, attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2020	2019
Net (loss)/profit attributable to equity owners of the Company (US$'000)	**(3,641)**	136
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share ('000)	**261,214**	142,168
Basic and diluted (loss)/earnings per share (cents per share)	**(1.39)**	0.10

Diluted (loss)/earnings per share are similar to basic (loss)/earnings per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

11 Property, plant and equipment

	Office premises	Mining properties	Buildings and infrastructure	Vehicles	Machineries	Office equipment	Heavy equipment	Lab equipment	Renovation	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group										
Cost										
At 1 January 2019	89	3,231	10,274	188	71	235	1,777	81	22	15,968
Additions for the year	400	–	688	–	–	77	–	–	–	1,165
Disposals for the year	–	–	–	–	–	–	(73)	–	–	(73)
At 31 December 2019	489	3,231	10,962	188	71	312	1,704	81	22	17,060
Additions for the year	–	–	–	–	–	2	–	99	–	101
Modification of lease liabilities	(130)	–	–	–	–	–	–	–	–	(130)
Disposals for the year	–	–	–	–	–	(5)	(416)	–	–	(421)
At 31 December 2020	**359**	**3,231**	**10,962**	**188**	**71**	**309**	**1,288**	**180**	**22**	**16,610**
Accumulated depreciation										
At 1 January 2019	–	259	2,603	72	51	200	494	57	2	3,738
Depreciation charge	216	69	508	22	6	25	138	22	7	1,013
Disposals for the year	–	–	–	–	–	–	(21)	–	–	(21)
At 31 December 2019	216	328	3,111	94	57	225	611	79	9	4,730
Modification of lease liabilities	(124)	–	–	–	–	–	–	–	–	(124)
Depreciation charge	166	–*	496	21	4	31	159	5	7	889
Disposals for the year	–	–	–	–	–	(4)	(127)	–	–	(131)
At 31 December 2020	**258**	**328**	**3,607**	**115**	**61**	**252**	**643**	**84**	**16**	**5,364**
Net carrying value										
At 31 December 2019	273	2,903	7,851	94	14	87	1,093	2	13	12,330
At 31 December 2020	**101**	**2,903**	**7,355**	**73**	**10**	**57**	**645**	**96**	**6**	**11,246**

* Amount less than US$1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

11 Property, plant and equipment (cont'd)

	Office premises US$'000	Office equipment US$'000	Renovation US$'000	Total US$'000
Company				
Cost				
At 1 January 2019	89	26	22	137
Additions for the year	–	5	–	5
At 31 December 2019	89	31	22	142
Modification of lease liabilities	84	–	–	84
At 31 December 2020	**173**	**31**	**22**	**226**
Accumulated depreciation				
At 1 January 2019	–	2	2	4
Depreciation charge	51	9	7	67
At 31 December 2019	51	11	9	71
Depreciation charge	41	11	7	59
At 31 December 2020	**92**	**22**	**16**	**130**
Net carrying value				
At 31 December 2019	38	20	13	71
At 31 December 2020	**81**	**9**	**6**	**96**

(a) Included in property, plant and equipment of the Group and the Company are right-of-use assets of US$280,000 (2019: US$759,000) (Note 17) and US$81,000 (2019: US$38,000) (Note 17) respectively.

(b) Additions to property, plant and equipment are as follows:

	Group	
	2020 US$'000	2019 US$'000
Cash outflow on acquisition of property, plant and equipment	**101**	765
Acquisition under lease arrangement (Note 17)	**–**	400
	101	1,165

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

12 Investment in subsidiaries

	Company	
	2020	2019
	US$'000	US$'000
Unquoted equity shares, at cost		
Balance at beginning of financial year	**66,241**	50,000
Earn-out consideration shares (Note 22)	**–**	16,241
Incorporation of subsidiary	**–***	–
Balance at end of financial year	**66,241**	66,241

* Amount less than US$1,000

(i) At the end of the reporting period, the Group has the following subsidiaries:

Name of subsidiary (Country of incorporation)	Principal activities	Effective ownership interests held by the Group 2020 %	2019 %
Held by the Company			
FE Resources Pte. Ltd. [(2)] (Singapore) ("FER")	Investment holding	**100**	100
Silkroad Metal Industries Pte. Ltd. [(3)] (Singapore) ("SMI")	Manufacturing, trading and distribution of nickel pig iron	**100**	–
Subsidiary held by FER			
PT Anugrah Tambang Sejahtera [(1)] (Indonesia) ("ATS")	Investment holding	**100***	100*
Subsidiary held by ATS			
PT Teknik Alum Service [(1)] (Indonesia) ("TAS")	Mining of nickel ore	**100#**	100#

(1) Audited by Johan Malonda Mustika & Rekan, an independent member firm of Baker Tilly International.

(2) Audited by Baker Tilly TFW LLP.

(3) Not required to be audited for the financial year ended 31 December 2020 by law of incorporation.

* PT Bina Mitra Serasi, a related party which holds 1% equity interest in this subsidiary, has executed a deed of assignment and a power of attorney, as well as other documents necessary to assign its shareholder and voting rights in ATS to the Company.

\# Mr. Hong Kah Ing, a director who holds 1% equity interest in this subsidiary, has executed a deed of assignment and a power of attorney, as well as other documents necessary to assign his shareholder and voting rights in TAS to ATS.

(ii) Incorporation of subsidiary

On 1 December 2020, the Company incorporated a wholly-owned subsidiary, SMI with registered paid-up share capital of S$100 (equivalent to US$75). The principal activities of SMI are to carry out businesses in manufacturing, trading and distribution of nickel pig iron.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

13 Deferred tax assets

The movements in the deferred tax assets are as follows:

	Group	
	2020	2019
	US$'000	US$'000
At beginning of the financial year	**241**	199
Tax credit to profit or loss (Note 9)	**4**	31
Tax credit to other comprehensive loss (Note 16)	**3**	11
At end of the financial year	**248**	241

The deferred tax assets on temporary differences recognised in the consolidated financial statements are in respect of tax effects arising from:

	Group	
	2020	2019
	US$'000	US$'000
Liabilities for post-employment benefits	**112**	130
Accelerated accounting depreciation for property, plant and equipment	**(45)**	(68)
Provisions	**181**	179
	248	241

The Group has potential tax benefits arising from unabsorbed tax losses of approximately US$1,614,000 (2019: US$Nil) that are available for carry-forward up to five years from the year of loss to offset against future taxable profits and/or taxable temporary differences of the Indonesia subsidiaries, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in Indonesia. The potential deferred tax asset in respect of the unabsorbed tax losses has not been recognised in the financial statements as it is not probable that the future taxable profit will be available and sufficient to allow the deductible temporary difference to be realised in the foreseeable future.

At 31 December 2020, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$9 million (2019: US$11 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

14 Receivables and prepayments

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Preservation deposits	**357**	332	**–**	–
Loan to a subsidiary				
- Loan B	**–**	–	**–**	1,688
	357	332	**–**	1,688
Current				
Trade receivables	**7,343**	10,315	**–**	–
Other receivables				
- third parties	**41**	22	**–**	–
- a subsidiary	**–**	–	**80**	73
- a related party	**92**	6	**–**	–
- directors	**100**	144	**–**	–
- ultimate holding company	**24**	24	**–**	–
Loan to a subsidiary - Loan A	**–**	–	**986**	3,019
Loan to a subsidiary - Loan B	**–**	–	**1,966**	–
Deposits	**14**	14	**14**	14
Deposit for investment to a related party	**207**	191	**–**	–
Prepayments	**249**	498	**5**	4
Tax recoverable	**89**	83	**–**	–
	8,159	11,297	**3,051**	3,110
Less: Allowance for impairment of trade receivables	**(41)**	–	**–**	–
	8,118	11,297	**3,051**	3,110

Movement in allowance for impairment of trade receivables is as follows:

	Group	
	2020	2019
	US$'000	US$'000
At 1 January	**–**	–
Allowance made	**41**	–
At 31 December	**41**	–

Trade receivables

Included in trade receivables is an amount of US$7,129,000, which is secured by approximately 450,000 metric tonnes of nickel ore held by the debtor.

Amounts due from a subsidiary, a related party, directors and ultimate holding company

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

14 Receivables and prepayments (cont'd)

Loan to a subsidiary

(a) Loan A is unsecured, bears interest at 6% (2019: 6%) per annum and is to be repaid through monthly instalment of US$200,000 from December 2019. During the financial year, Loan A is extended to 30 November 2022.

(b) Loan B is unsecured, bears interest at 6% (2019: 6%) per annum and repayable in full on 13 November 2021. The carrying amount of the loan approximates its fair value at the end of the reporting period.

Preservation deposits

The preservation deposits as at 31 December 2020 amounting to US$357,000 (2019: US$332,000) are placed in fixed deposits as security deposits for mine reclamation purposes. The fixed deposits are refundable and bear interest at 3% to 6% (2019: 3% to 6%) per annum at the end of the reporting period.

Deposit for investment to a related party

The amount relates to deposit for investment by a subsidiary to a related party, PT Anugrah Tambang Smelter for the development of smelter plant. The amount is unsecured, interest-free and refundable.

15 Inventories

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Nickel ore	**2,609**	1,155	**–**	–
Fuel	**3**	5	**–**	–
Spare parts	**61**	89	**–**	–
Nickel pig iron in-transit	**2,195**	–	**2,195**	–
	4,868	1,249	**2,195**	–
Consolidated Statement of Comprehensive Income				
Inventories recognised as an expense in cost of goods sold	**280**	7,334	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

16 Liabilities for post-employment benefits

The Group's subsidiaries recognised liabilities for post-employment benefits based on the actuarial calculation by an independent actuary. The actuarial calculation in regard to the compensation cost adheres to the current value principle from the total payment of compensation due to retirement, demise and disability. The calculation of current value is obtained from the use of various actuarial assumptions, not only based on the level of interest but also based on salary increment, mortality, disability and resignation levels.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. No funding has been made for this defined benefit scheme.

The principal assumptions used in determining post-employment benefits as at the end of the reporting periods were as follows:

	Group	
	2020	2019
	US$'000	US$'000
Normal retirement age	**55 years**	55 years
Salary increment rate per annum	**10%**	10%
Discount rate per annum	**7%**	7.90%
Mortality rate	**TMI - 2011**	TMI - 2011
Disability level	**5% of TMI - 2011**	5% of TMI - 2011
Resignation level per annum	**2.5% for the age 20 and decrease linearly**	2.5% for the age 20 and decrease linearly

If the discount rate had been 1 percent higher with all other variables held constant, the present value of defined benefits obligation would have been US$43,000 (2019: US$47,000) lower, while if the discount rate had been 1 percent lower, the present value of defined benefits obligation would have been US$50,000 (2019: US$55,000) higher.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	Group	
	2020	2019
	US$'000	US$'000
Present value of defined benefit obligations	**507**	521
Movements in the account are as follows:		
At beginning of the financial year	**521**	246
Remeasurement recognised in other comprehensive loss, gross of tax	**13**	43
Post-employment benefits expense (Note 8)	**217**	221
Benefit payment during the year	**(236)**	–
Exchange difference	**(8)**	11
At end of the financial year	**507**	521

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

16 Liabilities for post-employment benefits (cont'd)

The following table summarises the components of defined post-employment benefits expense recognised in consolidated statement of comprehensive income:

	Group	
	2020	2019
	US$'000	US$'000
Current service cost	**140**	200
Interest cost on defined benefit obligation	**31**	21
Termination cost	**46**	–
Post-employment benefits expense	**217**	221

Defined post-employment benefits expense is recognised in the "Administrative expenses" line item in the consolidated statement of comprehensive income.

The following table summarises the changes in liabilities for post-employment benefits recognised in consolidated statement of comprehensive income:

	Group	
	2020	2019
	US$'000	US$'000
At beginning of the financial year	**21**	(22)
Other comprehensive loss	**13**	43
At end of the financial year	**34**	21

The remeasurement of post-employment benefits recognised in the other comprehensive loss is as follows:

	Group	
	2020	2019
	US$'000	US$'000
Gross amount of remeasurement	**13**	43
Less tax (Note 13)	**(3)**	(11)
Amount net of tax	**10**	32

Management has reviewed the assumptions used and agreed that these assumptions are adequate. Management believes that the liabilities for post-employment benefits are sufficient to cover the Group's liability for its employee benefits.

17 Lease liabilities

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Non-current	**39**	52	**39**	–
Current	**138**	270	**56**	40
	177	322	**95**	40

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

17 Lease liabilities (cont'd)

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	Group	
	2020	2019
	US$'000	US$'000
Balance at 1 January	**322**	–
Reclassification from finance lease liabilities on adoption of SFRS(I) 16	**–**	179
Adoption of SFRS(I) 16	**–**	89
Changes from financing cash flows:		
- Repayments	**(133)**	(359)
- Interest paid	**(23)**	(48)
Non-cash changes:		
- Interest expense	**23**	48
- Additions of new leases	**–**	400
- Modification of lease liabilities	**(6)**	–
- Exchange differences	**(6)**	13
Balance at 31 December	**177**	322

(a) The Group as a lessee

Nature of the Group's and the Company's leasing activities

i) The Group and the Company lease office premises, vehicles and heavy equipment from both related and non-related parties. The leases have an average tenure of between one to three years.

ii) In addition, the Group leases office premises, certain equipment and vehicles with no contractual terms. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 25(b).

Information about leases for which the Group and the Company are a lessee is presented below:

Carrying amount of right-of-use assets

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Classified within property, plant and equipment				
Office premises	**104**	273	**81**	38
Vehicles	**22**	26	**–**	–
Heavy equipment	**154**	460	**–**	–
	280	759	**81**	38

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

17 Lease liabilities (cont'd)

(a) The Group as a lessee (cont'd)

Amounts recognised in profit or loss

	Group	
	2020	2019
	US$'000	US$'000
Depreciation charge for the year		
Office premises	**166**	216
Vehicles	**5**	5
Heavy equipment	**62**	134
	233	355
Interest expense on lease liabilities	**23**	48
Lease expense not included in the measurement of lease liabilities		
Lease expense - short-term leases	**141**	122

During the financial year, total cash flow for leases amounted to US$297,000 (2019: US$529,000).

As at 31 December 2020 and 31 December 2019, the Group and the Company are not committed to short-term leases.

(b) The Group as a lessor

Nature of the Group's leasing activities

The Group leased out its heavy equipment to third parties for monthly lease payments. The lease was classified as an operating lease because the risk and rewards incidental to ownership of the assets were not substantially transferred.

Rental income from heavy equipment was disclosed in Note 5.

18 Provisions

	Group	
	2020	2019
	US$'000	US$'000
Provision for mine reclamation and rehabilitation	**684**	630
Provision for assets retirement obligations	**124**	113
	808	743

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

18 Provisions (cont'd)

Movements in provision for mine reclamation and rehabilitation are as follows:

	Group	
	2020	2019
	US$'000	US$'000
At beginning of the financial year	**630**	550
Provision for the year charged to profit or loss (Note 7)	**61**	56
Exchange difference	**(7)**	24
At end of the financial year	**684**	630

Movements in provision for assets retirement obligations are as follows:

	Group	
	2020	2019
	US$'000	US$'000
At beginning of the financial year	**113**	96
Interest accretion charged to profit or loss (Note 6)	**12**	13
Exchange difference	**(1)**	4
At end of the financial year	**124**	113

19 Borrowings

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Loans from third parties - Loan 1	**1,888**	–	**1,888**	–
Loans from third parties - Loan 2	**–**	556	**–**	556
Loan from a third party - Loan 3	**–**	185	**–**	185
Loan from a related party - Loan 4	**174**	–	**174**	–
	2,062	741	**2,062**	741
Current				
Loan from a third party - Loan 1	**116**	1,792	**116**	1,792
Loans from third parties - Loan 2	**581**	–	**581**	–
Loan from a third party - Loan 3	**189**	–	**189**	–
Loan from a related party - Loan 4	**4**	–	**4**	–
Loan from a related party - Loan 5	**32**	–	**32**	–
Loan from a third party - Loan 6	**524**	–	**–**	–
	1,446	1,792	**922**	1,792
	3,508	2,533	**2,984**	2,533

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19 Borrowings (cont'd)

Loan 1

The loans from third parties are unsecured, bear interest at 12% (2019: 10.8%) per annum and repayable in full on 6 August 2020. The loan interest is repayable on demand. During the financial year, the loans are extended to be repayable in full on 31 July 2023.

Loan 2

The loans from third parties are unsecured, bear interest at 15% (2019: 15%) per annum and repayable on 31 January 2021. The loans have been fully settled subsequent to year end.

Loan 3

The loan from a third party is unsecured, bear interest at 15% (2019: 15%) per annum and repayable on 31 March 2021 (2019: 31 January 2021). During the financial year, the loan is further extended to 31 May 2021.

The subsidiary, FE Resources Pte. Ltd. acted as agent to obtain the Loan 1, Loan 2 and Loan 3 from third parties and provide back-to-back loans to the Company with same interest rate and condition. The loans are covered by corporate guarantees from the Company.

Loan 4

The loan from a related party is unsecured, bears interest at 10% (2019: Nil%) per annum and repayable in full on 30 September 2023. Loan interest is repayable on demand.

Loan 5

The loan from a related party is unsecured, bears interest at 2% (2019: Nil%) per month and repayable on demand. The loan is repayable in full on 30 April 2021.

Loan 6

The loan from a third party is unsecured, bears interest at 7.5% (2019: Nil%) per annum and repayable in the 13th month from the date of drawdown of the funding. The loan has been extended to another 12 months from April 2021 subsequent to year end. Loan interest is repayable on demand.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings	
	2020	2019
	US$'000	US$'000
Balance at beginning of financial year	**2,533**	–
Changes from financing cash flows:		
- Repayments	**–**	(2,170)
- Interest paid	**(246)**	(248)
- Loans received	**780**	4,611
Non-cash changes:		
- Interest expense	**358**	298
- Exchange differences	**83**	42
Balance at end of financial year	**3,508**	2,533

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

20 Payables and accruals

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Amounts due to related parties	**641**	–	**641**	–
Amount due to ultimate holding company	**115**	–	**115**	–
	756	–	**756**	–
Represented by:				
Amounts due to related parties at cost	**779**	–	**779**	–
Amount due to ultimate holding company at cost	**115**	–	**115**	–
Fair value adjustment at net annual amortisation costs	**(138)**	–	**(138)**	–
	756	–	**756**	–
Current				
Trade payables	**4,208**	4,270	**79**	–
Accrued operating expenses	**3,733**	2,686	**370**	333
Other payables	**355**	87	**354**	87
Amounts due to related parties	**98**	55	**4**	55
Amount due to ultimate holding company	**–**	25	**–**	25
Advances from a third party	**800**	800	**–**	–
	9,194	7,923	**807**	500

Non-current amounts due to related parties and ultimate holding company are non-trade in nature, unsecured, non-interest bearing and repayable on 30 September 2022, except for amount due to a related party amounted to US$174,000, which is repayable on 30 September 2023.

The fair value of non-current amounts due to related parties and ultimate holding company are computed based on cash flows discounted at 10% per annum based on borrowing interest rate for similar financial liabilities at end of the reporting period. The fair value measurement for disclosure purposes is categorised within Level 3 of the fair value hierarchy.

Current amounts due to related parties, ultimate holding company and advances from a third party are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

20 Payables and accruals (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Amounts due to related parties and ultimate holding company		Advances from a third party	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Balance at beginning of financial year	**80**	4	**800**	1
Changes from financing cash flows:				
- Repayments	**(32)**	–	**–**	(1)
- Advances received	**935**	85	**–**	800
Non-cash changes:				
- Fair value adjustment at inception	**(143)**	–	**–**	–
- Interest expense	**5**	–	**–**	–
- Exchange differences	**9**	(9)	**–**	–
	854	80	**800**	800

21 Contract liabilities

Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Group and the Company satisfies the performance obligations under its contracts.

22 Share capital

	2020		2019	
	Number of ordinary shares	**US$'000**	Number of ordinary shares	US$'000
Group				
Balance at beginning of financial year	**261,213,792**	**8,979**	127,103,447	8,979
Issuance of earn-out consideration shares [(2)]	**–**	**–**	134,110,345	–
Balance at end of financial year	**261,213,792**	**8,979**	261,213,792	8,979
Company				
Balance at beginning of financial year	**261,213,792**	**86,387**	127,103,447	70,146
Issuance of earn-out consideration shares [(1)]	**–**	**–**	134,110,345	16,241
Balance at end of financial year	**261,213,792**	**86,387**	261,213,792	86,387

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 Share capital (cont'd)

All issued shares are fully paid ordinary shares with no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

(1) This represents issuance of the earn-out consideration shares to the ultimate holding company, Far East Mining Pte. Ltd. upon fulfilling the conditions for the earn-out amount, which was satisfied by the allotment and issuance of 134,110,345 ordinary shares at S$0.165 (equivalent to US$0.121) per share on 21 November 2019.

(2) The deemed consideration for the reverse acquisition was determined using the fair value of the issued equity of the Company before the reverse acquisition. Therefore, the issuance of the earn-out consideration shares has no impact on the net assets of the Group.

23 Significant related party transactions

In addition to information disclosed elsewhere in these financial statements, the following significant transactions took place between the Group and the related parties on terms agreed by the parties:

	2020	2019
	US$'000	US$'000
With director of the Company		
Expenses recharged by the Group	**–**	144
Rental expenses paid to director	**36**	31
With ultimate holding company		
Offset of ultimate holding company receivables against payables to the Group	**–**	11
Advances from ultimate holding company	**90**	25
Expenses paid on behalf by the Group	**–**	1
Expenses paid on behalf by the ultimate holding company	**–**	36
With other related parties		
Deposit for investment to a related party	**16**	85
Expenses paid on behalf by the Group	**86**	16
Lease payments paid to a related party	**152**	133
Offset of related parties receivables against payable to the Group	**–**	10
Offset of related parties receivables against payable to a third party	**–**	113
Advances from related parties	**845**	18
Loan received from related parties	**210**	–
Expenses paid on behalf by related parties	**209**	46
Interest expenses on loans from related parties	**7**	–

The other related parties comprise:

- close family members of a director of the Company;
- companies in which a director of the Company or a close family member of the director has controlling interest; and
- a non-controlling interest of a subsidiary who is also the commissioner of that subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

24 Segment information

The Group has only one reportable segment, which is nickel ore mining.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Indonesia US$'000	**Singapore US$'000**	**Consolidated US$'000**
Revenue			
31 December 2020			
Total sales to external customer	**475**	**–**	**475**
31 December 2019			
Total sales to external customers	15,498	–	15,498
Non-current assets			
31 December 2020	**11,150**	**96**	**11,246**
31 December 2019	12,259	71	12,330

Non-current assets information presented above are non-current assets as presented on the consolidated statement of financial position excluding financial instruments and deferred tax assets.

Information about major customers

Revenue of US$475,000 (2019: US$15,498,000) is derived from one (2019: two) external customer who individually contributed 10% or more of the Group's revenue as detailed below:

	Group	
	2020 US$'000	2019 US$'000
Customer 1	**475**	3,609
Customer 2	**–**	11,889
	475	15,498

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 Financial instruments

a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
At amortised cost	**8,170**	11,112	**3,054**	4,796
Financial liabilities				
At amortised cost	**13,635**	10,778	**4,642**	3,073

b) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company manages and measures such financial risks in the same manner as the Group. The Group's risk management, which remains unchanged from the prior year, seeks to minimise the potential adverse effects from these exposures. There has been no change to the exposure to financial risks or the manner in which these risks are managed and measured. The management reviews and agrees policies for managing each of these risks.

Foreign currency risk

The Group and the Company have exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly Indonesian Rupiah ("IDR") and Singapore dollar ("SGD").

The Group and the Company seek to manage its foreign currency exposure by natural hedges, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments in the same currency. The Group and the Company endeavour to keep the net exposure at a level that is deemed acceptable by management.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The Group and Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

	Group		Company
	IDR	**SGD**	**SGD**
	US$'000	**US$'000**	**US$'000**
Denominated in			
2020			
Financial assets			
Receivables	7,847	39	94
Cash and cash equivalents	24	4	3
	7,871	43	97
Financial liabilities			
Payables and accruals	(8,443)	(1,489)	(1,478)
Lease liabilities	(82)	(95)	(95)
Borrowings	(524)	(2,983)	(2,983)
	(9,049)	(4,567)	(4,556)
Net exposure	**(1,178)**	**(4,524)**	**(4,459)**
2019			
Financial assets			
Receivables	10,957	38	87
Cash and cash equivalents	60	3	2
	11,017	41	89
Financial liabilities			
Payables and accruals	(7,357)	(507)	(500)
Lease liabilities	(282)	(40)	(40)
Borrowings	–	(2,533)	(2,533)
	(7,639)	(3,080)	(3,073)
Net exposure	3,378	(3,039)	(2,984)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the IDR and SGD exchange rates against the functional currency of the Group and the Company with all other variables held constant, of the Group's and Company's (loss)/profit after tax:

	Group		Company	
	Increase/(decrease) in (loss)/profit after tax		Increase/(decrease) in loss after tax	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
<u>IDR/USD</u>				
- Strengthened 5% (2019: 5%)	**46**	127	**–**	–
- Weakened 5% (2019: 5%)	**(46)**	(127)	**–**	–
<u>SGD/USD</u>				
- Strengthened 5% (2019: 5%)	**188**	(126)	**185**	124
- Weakened 5% (2019: 5%)	**(188)**	126	**(185)**	(124)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings. Borrowings at fixed rates expose the Group and the Company to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be impacted from an adverse movement in interest rate.

Sensitivity analysis for interest rate risk

The sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant of the Group's result net of tax has not been disclosed as the Group's exposure to changes in market interest rate is not significant as the majority of the Group's borrowings are charged at a fixed rate.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's trade receivables comprise 2 (2019: 2) debtors that represented 100% (2019: 100%) of the trade receivables. The Company has no significant concentration of credit risk except for loan to a subsidiary as disclosed in Note 14.

25 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

As the Group and Company does not hold any collateral except as disclosed in Note 14, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been significant increase in credit risk since initial recognition	Lifetime ECL - not-credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

25 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions (cont'd)

Movements in credit loss allowance are as follows:

	Trade receivables	
	2020	2019
	US$'000	US$'000
Group		
Balance at 1 January	**–**	–
Loss allowance measured:		
Lifetime ECL		
- simplified approach	**41**	–
Balance at 31 December	**41**	–

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance on a debtor-specific basis. The Group estimates the expected credit loss rates of the debtors based on multiple factors, including the age of the balances, recent payments, expected realisable value of collateral and outlook of relevant economic environments with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group assesses the concentration of risk with respect to trade receivables as high, as there are only two customers during the financial year. The Group assesses that the credit risk exposure is low as the expected credit loss for current year's trade receivables is insignificant. At 31 December 2019, the Group assessed the expected credit loss to be insignificant and concluded that no credit loss allowance is required to be recognised.

Other financial assets at amortised cost

Other financial assets at amortised costs include cash and cash equivalents, loan to a subsidiary, deposits and other receivables. The credit quality of the loan to a subsidiary is 12-month ECL. The credit loss exposure for cash and cash equivalents, loan to a subsidiary, deposits and other receivables are immaterial as at 31 December 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Management monitors and reviews the Group's and Company's forecasts of liquidity reserves (comprise cash and cash equivalents) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

In view of the Group's and the Company's liquidity position and the liquidity risk management approach as described in Note 3, the directors of the Company have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
At 31 December 2020			
Payables and accruals	**8,394**	**894**	**9,288**
Lease liabilities	**143**	**43**	**186**
Borrowings	**1,730**	**2,647**	**4,377**
	10,267	**3,584**	**13,851**
At 31 December 2019			
Payables and accruals	7,923	–	7,923
Lease liabilities	285	53	338
Borrowings	1,883	880	2,763
	10,091	933	11,024

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Company			
At 31 December 2020			
Payables and accruals	**807**	**894**	**1,701**
Lease liabilities	**60**	**43**	**103**
Borrowings	**1,190**	**2,647**	**3,837**
	2,057	**3,584**	**5,641**
At 31 December 2019			
Payables and accruals	500	–	500
Lease liabilities	41	–	41
Borrowings	1,883	880	2,763
	2,424	880	3,304

c) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities subject to offsetting arrangements

The Group purchases inventories nickel pig iron from and sell nickel ore to a third party. Both parties have an arrangement to settle the net amount due to or from each other on a repayable on demand basis.

The Group's and the Company's receivables and payables that are off-set are as follows:

	31 December 2020		
	Gross carrying amounts US$'000	Gross amounts offset in the statement of financial position US$'000	Net amounts in the statement of financial position US$'000
Group			
Trade receivables	9,434	(2,091)	7,343
Trade payables	(6,299)	2,091	(4,208)
Company			
Receivables - loan to a subsidiary	5,043	(2,091)	2,952
Trade payables	(2,170)	2,091	(79)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

26 Fair values of assets and liabilities

The carrying amounts of financial assets and liabilities (except for non-current receivables, non-current borrowings and non-current payables) of the Group and the Company are reasonable approximation of their fair values due to relatively short-term maturity of these financial instruments or where the effect of discounting is immaterial.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the directors expect would be available to the Group and the Company at the end of the reporting period, the carrying amounts of non-current receivables, non-current borrowings and non-current payables approximates their fair values at the end of the reporting period as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rates at initial measurement date. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

The basis of determining fair values of amounts due to related parties and ultimate holding company for disclosures at the end of the reporting period are disclosed in Note 20.

27 Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain borrowings or sell assets to reduce borrowings.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

28 Subsequent events

On 10 March 2021, the Group entered into a 2-year nickel ore sales agreement with a customer, Ekasa to produce and deliver an aggregate of 2.7 million metric tonnes of nickel ore to Ekasa from March 2021 to December 2022, with a minimum quantity of 50,000 metric tonnes per month with an average nickel content grade of 1.70%. Details of this agreement has been announced by the Company on 15 March 2021 via SGXNet. The contract value is estimated to be US$90 million based on the benchmark price for nickel ore set by the Indonesian Government.

On 26 March 2021, the Group entered into offtake financing agreement with a third party to obtain funding of up to IDR10 billion (approximately US$0.9 million). The loan is unsecured and repayable in full on 31 December 2022 through income from sales of nickel ore to Ekasa.

On 31 March 2021, the Group entered into a repayment schedule with a major supplier with outstanding current trade payable of US$3,870,000 as at 31 December 2020. The Group agreed with the supplier to repay an amount of approximately IDR9 million (equivalent to US$600,000) by July 2021 through income from sales of nickel ore to Ekasa with the remaining balance to be repayable in the financial year ending 31 December 2022.

29 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors dated 6 April 2021.

APPENDIX 7F TO THE CATALIST RULES

Year ended 31 December 2020

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Name of Director	**Mr. Hong Kah Ing**	**Mr. Giang Sovann**
Date of first appointment	5 July 2018	5 July 2018
Date of last re-appointment (if applicable)	N/A	30 April 2019
Age	49	64
Country of principal residence	Indonesia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Hong Kah Ing as the Executive Director and CEO of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Hong Kah Ing's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Giang Sovann as the Lead Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Giang Sovann's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Hong Kah Ing is responsible for the overall management, operations, strategic planning and business expansion of the Group and overseeing the day-to-day operations of the Group.	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director and CEO	Lead Independent Director, Chairman of the AC and a member of the NC and the RC
Professional qualifications	Bachelor's degree in Business from the University of Central Queensland, Australia	Bachelor of Administration degree with Great Distinction from the University of Regina, Canada Chartered Professional Accountant of Canada Chartered Accountant of Singapore Member of Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	July 2018 to Present: Executive Director and CEO of the Company 2008 to Present: PT ATS – President Commissioner 1999 to Present: PT BMS – Director 2007 to 2012: Bumi Hijau Resources Pte. Ltd. – Director, Far East Sugar Pte. Ltd. – Director, Greenworld Nickel Holdings Pte. Ltd. – Director and Greenworld Nickel Resources Pte. Ltd. – Director 1999 to 2005: PT BMS and PT Hicom BMS – President Director	2015 to Present: RSM Risk Advisory Pte. Ltd. – Senior Director 2013 to 2014: SBI Offshore Ltd. – Executive Director 2010 to 2013: Singapore Institute of Directors – Executive Director

APPENDIX 7F TO THE CATALIST RULES

Year ended 31 December 2020

Name of Director	Mr. Hong Kah Ing	Mr. Giang Sovann
Shareholding interest in the listed issuer and its subsidiaries	Yes. As at 31 March 2021, Mr. Hong Kah Ing: (a) is deemed to be interested in 176,575,010 shares (67.6%) of the Company owned by Far East Mining Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act (Chapter 289) of Singapore ("SFA"); (b) is deemed to be interested in 5,000 shares (1%) of PT Anugrah Tambang Sejahtera (a subsidiary of the Company) through PT Bina Mitra Serasi; and (c) holds a direct interest of 25 shares (1%) in PT Teknik Alum Service (a subsidiary of the Company).	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	As at 31 March 2021, Mr. Hong Kah Ing is deemed to be interested in the 176,575,010 shares of the Company owned by Far East Mining Pte. Ltd. pursuant to Section 4 of the SFA. Mr. Hong Kah Ing is a director and owns 70.5% of the issued share capital of Far East Mining Pte. Ltd., a substantial shareholder of the Company. Mr. Hong Kah Ing sits on the boards of the following subsidiaries of the Company, namely, FE Resources Pte. Ltd., Silkroad Metal Industries Pte Ltd., and PT Anugrah Tambang Sejahtera. Mr. Hong Kah Ing is a shareholder of the following subsidiaries of the Company: 1. PT Anugrah Tambang Sejahtera (1% held through PT Bina Mitra Serasi); and 2. PT Teknik Alum Service (1%).	Nil
Conflict of interest (including any competing business)	Save as disclosed in Section B.15 entitled "Conflicts of Interest" of the Company's circular to shareholders dated 31 May 2018 (the "Circular"), Mr. Hong Kah Ing has no conflict of interest. To mitigate any conflict of interest disclosed in the Circular, Mr. Hong Kah Ing has entered into a deed of non-compete undertaking, call option and right of first offer with the Company. Please refer to Section B.15 entitled "Conflicts of Interest" of the Circular for further details.	Nil

APPENDIX 7F TO THE CATALIST RULES

Year ended 31 December 2020

Name of Director	Mr. Hong Kah Ing	Mr. Giang Sovann
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships	Yes	Yes
Past (for the last 5 years)	DS Energy Pte. Ltd. (struck off on 16 March 2017) JDS Resources Pte. Ltd. (struck off on 16 March 2017) ITB Square Pte. Ltd. (struck off on 8 October 2018) PT Anugrah Agrikultur Sembada	Resources Prima Group Limited Epicentre Holdings Limited GMC Management Pte. Ltd. (struck off on 4 June 2018)
Present	FE Resources Pte. Ltd. Silkroad Metal Industries Pte. Ltd. PT Anugrah Tambang Sejahtera (President Commissioner) Far East Mining Pte. Ltd. PT Bina Mitra Serasi PT Berkat Bumi Papua PT Kharisma Era Sejahtera PT Anugrah Triniti Properti Anugerah Jabar Development Pte. Ltd. Jabar Education City Pte. Ltd. Far East Smelter (S) Pte. Ltd. Far East Industrial Park Pte. Ltd. BMS Corporation Pte. Ltd. Asiawerks Global Investment Group Pte. Ltd. PT Berkat Raja Ampat (Commissioner) PT Anugrah Berkati Serasi (President Commissioner) PT Anugrah Tambang Smelter (President Commissioner) PT Anugrah Tambang Industri (President Commissioner) PT Anugrah Properti Sejahtera (President Commissioner) PT Berkat Banua Masanggu (Commissioner) PT Anugrah Properti Group (President Commissioner)	Cambodia Post Bank PLC Rich Capital Holdings Limited Funan Microfinance PLC Corporate Governance Academy Pte. Ltd.

APPENDIX 7F TO THE CATALIST RULES

Year ended 31 December 2020

Name of Director	Mr. Hong Kah Ing	Mr. Giang Sovann
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

APPENDIX 7F TO THE CATALIST RULES

Year ended 31 December 2020

Name of Director	Mr. Hong Kah Ing	Mr. Giang Sovann
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Yes Rich Capital Holdings Limited: ● Mr. Giang Sovann ("**Mr. Giang**") is an independent director of Rich Capital Holdings Limited ("**RCH**") since January 2018. (i) An independent reviewer was appointed by RCH in August 2019 to carry out an independent review based on scope of work approved by SGX RegCo. The review report was released by RCH on 26 January 2021, and to the best of Mr. Giang's knowledge, no further investigations or queries have been directed at him. (ii) An independent reviewer was appointed by RCH in February 2021 to carry out an independent review based on scope of work approved by SGX RegCo. As at the date of this annual report, the said independent review is still ongoing.

APPENDIX 7F TO THE CATALIST RULES

Year ended 31 December 2020

Name of Director	Mr. Hong Kah Ing	Mr. Giang Sovann
		SBI Offshore Limited ● Mr. Giang was a director of SBI Offshore Limited ("**SBI**") from September 2009 to October 2014. (i) In May 2018, SBI appointed an independent reviewer in relation to a placement exercise announced by SBI in September 2014. The report was released on 20 June 2019 and to the best of Mr. Giang's knowledge, no investigations or queries have been directed at him. (ii) In March 2019, pursuant to a Notice of Compliance from SGX RegCo, a special auditor was appointed by SBI to investigate into certain matters. The report was released by SBI on 12 June 2020 and to the best of Mr. Giang's knowledge, no further investigations or queries have been directed at him. Epicentre Holdings Limited ● Mr. Giang was an independent director of Epicentre Holdings Limited ("**EHL**") from July 2016 to October 2018. ● In October 2017, the Board of Directors of EHL initiated the appointment of an independent reviewer to conduct a review into certain matters. The report was released by EHL on 30 May 2019. In January 2020, the Judicial Managers of EHL announced that EHL received notice from the Commercial Affairs Department and the Monetary Authority of Singapore pursuant to Section 20 of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition) and Section 64 of the Police Force Act (Chapter 235) requiring the Company to provide certain information and documents in relation to an offence under the Securities and Futures Act, Chapter 289. To the best of Mr. Giang's knowledge, no investigations or queries have been directed at him.

APPENDIX 7F TO THE CATALIST RULES

Year ended 31 December 2020

Name of Director	**Mr. Hong Kah Ing**	**Mr. Giang Sovann**
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No No No	No No No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes Previously Declared: On 13 July 2014, the Monetary Authority of Singapore issued a supervisory warning to Mr. Giang Sovann in respect of his breach of the Securities and Futures Act in respect of the failure to make timely disclosures of his shareholding interests or changes in interests in SBI Offshore Limited (a company listed on Catalist of the SGX-ST) of which he was a director of. No sanctions or penalties were issued and no further action was taken against Mr. Giang Sovann apart from the supervisory warning.
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes. Mr. Hong Kah Ing is currently a Director of the Company.	Yes • The Company • SBI Offshore Limited • Rich Capital Holdings Limited • Resources Prima Group Limited • Epicentre Holdings Limited
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2021

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	9	0.88	257	0.00
100 - 1,000	331	32.48	218,586	0.08
1,001 - 10,000	506	49.66	2,192,800	0.84
10,001 - 1,000,000	163	16.00	11,817,227	4.53
1,000,001 AND ABOVE	10	0.98	246,984,922	94.55
	1,019	100.00	261,213,792	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	121,007,148	46.32
2	UOB KAY HIAN PTE LTD	55,107,121	21.10
3	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	44,484,220	17.03
4	MAYBANK KIM ENG SECURITIES PTE. LTD	8,777,280	3.36
5	DBS NOMINEES PTE LTD	6,305,110	2.41
6	OCBC SECURITIES PRIVATE LTD	4,297,890	1.65
7	LUK WAI HONG WILLIAM	2,299,034	0.88
8	SCHILLO VALENTIN WOLF	1,986,365	0.76
9	RAFFLES NOMINEES (PTE) LIMITED	1,396,510	0.53
10	TAN CHIN KOK VICTOR	1,324,244	0.51
11	PHILLIP SECURITIES PTE LTD	827,500	0.32
12	ONG LIAN JIN COLIN	666,667	0.26
13	TAN KIM SENG	642,300	0.25
14	HUANG CHUNG-SHENG OR LIN SHENG-CHIH	538,710	0.21
15	NG SOON KAI	450,000	0.17
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	422,000	0.16
17	GHIRARDELLO LUIGI FORTUNATO	361,800	0.14
18	SONG KIM HUAT	350,000	0.13
19	TAN CHONG JIN	348,100	0.13
20	WANG PING HSUN MICHAEL	332,630	0.13
	TOTAL:	251,924,629	96.45

STATISTICS OF SHAREHOLDINGS

As at 31 March 2021

GENERAL INFORMATION ON SHARE CAPITAL

ISSUED AND FULLY PAID-UP CAPITAL	:	S$ 195,916,201.93
TOTAL NUMBER OF ISSUED SHARES	:	261,213,792
CLASS OF SHARES	:	Ordinary shares
VOTING RIGHTS	:	One vote per ordinary share (excluding treasury shares and subsidiary holdings)
NUMBER OF TREASURY SHARES	:	NIL
NUMBER OF SUBSIDIARY HOLDINGS	:	NIL

SUBSTANTIAL SHAREHOLDERS

(As per the Company's Register of Substantial Shareholders as at 31 March 2021)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%
Far East Mining Pte. Ltd.	176,575,010	67.6	–	–
Hong Kah Ing	–	–	176,575,010[1]	67.6
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	176,575,010[2]	67.6

Notes:

(1) Mr. Hong owns 70.5% of the issued share capital of Far East Mining Pte. Ltd.. As such, he is deemed to be interested in the shares of the Company owned by Far East Ming Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act.

(2) Mr. Aljunied owns 26.6% of the issued share capital of Far East Mining Pte. Ltd.. As such, he is deemed to be interested in the shares of the Company owned by Far East Mining Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC HANDS

Based on the information available to the Company as at 31 March 2021 and to the best knowledge of the Directors of the Company, approximately 32.4% of the Company's total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) were held in the hands of the public as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Accordingly, the Company has complied with Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SILKROAD NICKEL LTD. (the "**Company**") will be held by way of electronic means on Friday, 30 April 2021 at 2:00 p.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2020 ("**FY2020**") and the Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$162,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears (FY2020: S$192,000). **(Resolution 2)**

3. To re-elect Mr. Hong Kah Ing, a Director of the Company who is retiring under Regulation 103 of the Constitution of the Company, and who, being eligible, offers himself for re-election as a Director of the Company.
[See Explanatory Note (a)] **(Resolution 3)**

4. To re-elect Mr. Giang Sovann, a Director of the Company who is retiring under Regulation 103 of the Constitution of the Company, and who, being eligible, offer himself for re-election as a Director of the Company.
[See Explanatory Note (b)] **(Resolution 4)**

5. To re-appoint Messrs Baker Tilly TFW LLP as the Company's Independent Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

ORDINARY RESOLUTIONS

7. AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Singapore Exchange Securities Trading Limited ("**SGX-ST"**) Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

   a. (i) issue shares in the capital of the Company ("**shares**") (whether by way of rights, bonus or otherwise); and/or

      (ii) make or grant offers, agreements or options (collectively, "**instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

      at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to be issued other than on a *pro-rata* basis to shareholders of the Company ("**Shareholders**") does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) new shares arising from exercising of share options or vesting of share awards provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of shares,

provided that adjustments in accordance with sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the instruments.

[See Explanatory Note (c)] **(Resolution 6)**

8. AUTHORITY TO OFFER AND GRANT AWARDS AND ALLOT AND ISSUE SHARES UNDER THE SILKROAD PERFORMANCE SHARE PLAN

That the Directors of the Company be and are hereby authorised to:

(a) offer and grant awards ("**Awards**") in accordance with the provisions of the Silkroad Performance Share Plan (the "**Plan**"); and

(b) pursuant to Section 161 of the Companies Act, allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of Awards granted under the Plan,

NOTICE OF ANNUAL GENERAL MEETING

provided always that the aggregate number of shares to be delivered pursuant to the vesting of Awards granted or to be granted under the Plan, when added to the number of shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the date of grant of Awards and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (d)] **(Resolution 7)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary

Singapore, 15 April 2021

EXPLANATORY NOTES:

(a) **Resolution 3** is to re-elect Mr. Hong Kah Ing as a Director of the Company. Mr. Hong Kah Ing will, upon re-election as a Director of the Company, remain as an Executive Director and the Chief Executive Officer of the Company.

Detailed information on Mr. Hong Kah Ing can be found in the sections entitled "Board of Directors", "Corporate Governance Report", "Directors' Statement" and "Appendix 7F to the Catalist Rules" of the Company's Annual Report 2020.

(b) **Resolution 4** is to re-elect Mr. Giang Sovann as a Director of the Company. Mr. Giang Sovann will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, Chairman of the Audit and Risk Committee of the Company, as well as a member of the Nominating Committee and the Remuneration Committee of the Company. The Board considers Mr. Giang Sovann to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Detailed information on Mr. Giang Sovann can be found in the sections entitled "Board of Directors", "Corporate Governance Report", "Directors' Statement" and "Appendix 7F to the Catalist Rules" of the Company's Annual Report 2020. There are no relationships (including immediate family relationships) between Mr. Giang Sovann and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

(c) **Resolution 6** is to empower the Directors of the Company to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 6 (including shares to be issued in pursuance of instruments made or granted) shall not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings, with a sub-limit of fifty per cent (50%) for shares issued other than on a *pro-rata* basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings at the time of the passing of Resolution 6, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercising of share options or vesting of share awards provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares. The adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of Resolution 6.

(d) **Resolution 7** proposed in item 8. above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to (i) offer and grant Awards in accordance with the provisions of the Plan; and (ii) pursuant to Section 161 of the Companies Act, to allot and issue from time to time shares in the capital of the Company pursuant to the vesting of Awards granted under the Plan, provided that the aggregate number of shares to be delivered pursuant to the vesting of Awards granted or to be granted under the Plan, when added to the number of shares issued and/or issuable in respect of such other share-based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the date of grant of Awards. As at the date of this Notice of AGM, (a) apart from the Plan, there are no other share-based incentive schemes of the Company in force; and (b) No Award shares have been granted under the Plan.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Annual General Meeting of the Company (the "**AGM**") to be held on **Friday, 30 April 2021 at 2:00 p.m.** (the "**Meeting**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM and the accompanying proxy form for the Meeting will not be sent to members of the Company. Instead, this Notice of AGM and the accompanying proxy form for the Meeting will be sent to members of the Company by electronic means via publication on (i) the SGX's website at the URL https://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at the URL https://silkroadnickel.com/sgx-announcements/.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Meeting, are set out in the accompanying Company's announcement dated 15 April 2021 (the "**Announcement**"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at the URL https://silkroadnickel.com/sgx-announcements/. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM in respect of the Meeting.

   In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the Meeting through a "live" audio-visual webcast ("**LIVE WEBCAST**") via his/her/its smart phones, tablets or laptops/computers or listen to these proceedings through a "live" audio-only stream ("**AUDIO ONLY MEANS**") via telephone. In order to do so, a member of the Company who wishes to observe the proceedings of the Meeting via the LIVE WEBCAST or listen to these proceedings via the AUDIO ONLY MEANS must register by **2:00 p.m. on 27 April 2021** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting), at the URL **http://SRN.availeasemgdwebinar.com**. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe or listen to the proceedings of the Meeting by **29 April 2021**.

   A member of the Company who registers to observe the proceedings of the Meeting via the LIVE WEBCAST or listen to these proceedings via the AUDIO ONLY MEANS may also submit questions related to the resolutions to be tabled for approval at the Meeting. To do so, all questions must be submitted **by 2:00 p.m on 27 April 2021** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) via email to be received by the Company at **jfoo@silkroadnickel.com**.

3. Due to the current COVID-19 situation in Singapore, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

   (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted by email, be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at **sg.is.proxy@sg.tricorglobal.com,**

   in either case, **by 2:00 p.m. on 27 April 2021** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms personally or by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

NOTICE OF ANNUAL GENERAL MEETING

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the Meeting in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members of the Company received before the Meeting and if necessary, following up with the relevant members of the Company in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road. #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

SILKROAD NICKEL LTD.
(Incorporated in the Republic of Singapore)
(Registration No. 200512048E)

IMPORTANT:
1. The Annual General Meeting of the Company to be held on Friday, 30 April 2021 at 2:00 p.m. (the "**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM, are set out in the accompanying Company's announcement dated 15 April 2021 (the "**Announcement**"), which has been uploaded together with the Notice of AGM dated 15 April 2021 on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at the URL https://silkroadnickel.com/sgx-announcements/. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 15 April 2021 in respect of the AGM.
3. A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their SRS Operators to submit their votes by 2:00 p.m. on 21 April 2021.

By submitting an instrument appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2021.

PROXY FORM
ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

This proxy form has been made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website at the URL https://silkroadnickel.com/sgx-announcements/. A printed copy of this proxy form will NOT be despatched to members of the Company.

I/We, ______________________ (Name) ____________ (NRIC/Passport Number/ Company Regn. No.)

of ____ (Address)

being a member/members of SILKROAD NICKEL LTD. (the "**Company**"), hereby appoints the Chairman of the annual general meeting of the Company (the "**AGM**"), as *my/our proxy to vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means on Friday, 30 April 2021 at 2:00 p.m. and at any adjournment thereof. *I/We direct the Chairman of the AGM, being *my/our proxy, to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as *my/our proxy will be treated as invalid.

All Resolutions put to the vote at the AGM shall be decided by way of poll.

* Delete as appropriate

** If you wish to exercise all your votes "For" or "Against", or "Abstain" from voting the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution.

No.	Resolutions relating to:	For**	Against**	Abstain**
	ORDINARY BUSINESS			
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2020 and the Auditor's Report thereon.			
2.	Approval of the payment of Directors' fees of S$162,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears			
3.	Re-election of Mr. Hong Kah Ing as a Director of the Company retiring under Regulation 103 of the Constitution of the Company			
4.	Re-election of Mr. Giang Sovann as a Director of the Company retiring under Regulation 103 of the Constitution of the Company			
5.	Re-appointment of Messrs Baker Tilly TFW LLP as auditors of the Company			
6.	Authority for Directors of the Company to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50			
7.	Authority for Directors of the Company to offer and grant awards and allot and issue shares under the Silkroad Performance Share Plan			

Dated this ________ day of ______________ 2021

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

NOTES:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.

2. Due to the current COVID-19 situation in Singapore, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. This instrument appointing the Chairman of the AGM as proxy must:

   (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted by email, be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at **sg.is.proxy@sg.tricorglobal.com,**

   in either case, **by 2:00 p.m. on 27 April 2021** (being not less than seventy-two (72) hours before the time appointed for holding the AGM or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms personally or by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

5. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.

   (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.

   (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

7. This proxy form is not valid for use by an investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") and shall be ineffective for all intents and purposes if used or purported to be used by him/her. A SRS Investor who wishes to appoint the Chairman of the AGM as proxy should approach his/her respective SRS Operators to submit his/her votes at least seven (7) working days before the AGM (i.e. **by 2:00 p.m. on 21 April 2021**).

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:
The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member of the Company, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:
By submitting this proxy form appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 15 April 2021.

SILKROADNICKEL

SILKROAD NICKEL LTD.

(Company Registration Number 200512048E)
(Incorporated in the Republic of Singapore)

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